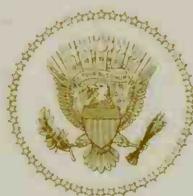


U.S. FOREIGN POLICY FOR THE 1970's

THE EMERGING STRUCTURE OF PEACE



A Report To The Congress

By

RICHARD NIXON

President of the United States

February 9, 1972

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**U.S. FOREIGN POLICY
FOR THE 1970's**
THE EMERGING STRUCTURE OF PEACE



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President of the United States
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TO THE CONGRESS OF THE UNITED STATES:

As I prepare to set out on my summit trips to Peking and Moscow, it is especially timely for the American people and the Congress to have available a basis for understanding the Government's policies and broad purposes in foreign affairs. That is the function of this, my third annual report.

These annual reports trace the evolution of our policies over the years of our term of office and describe our responses to new problems and issues as they have arisen. They provide an insight into our philosophy of foreign policy and our new approaches to peace.

The broad framework presented here will be filled out in two other major documents: the Secretary of State's second annual report, which will describe in detail our relations with individual countries and set forth the major public documentation of our policy, and the annual Defense Report of the Secretary of Defense.

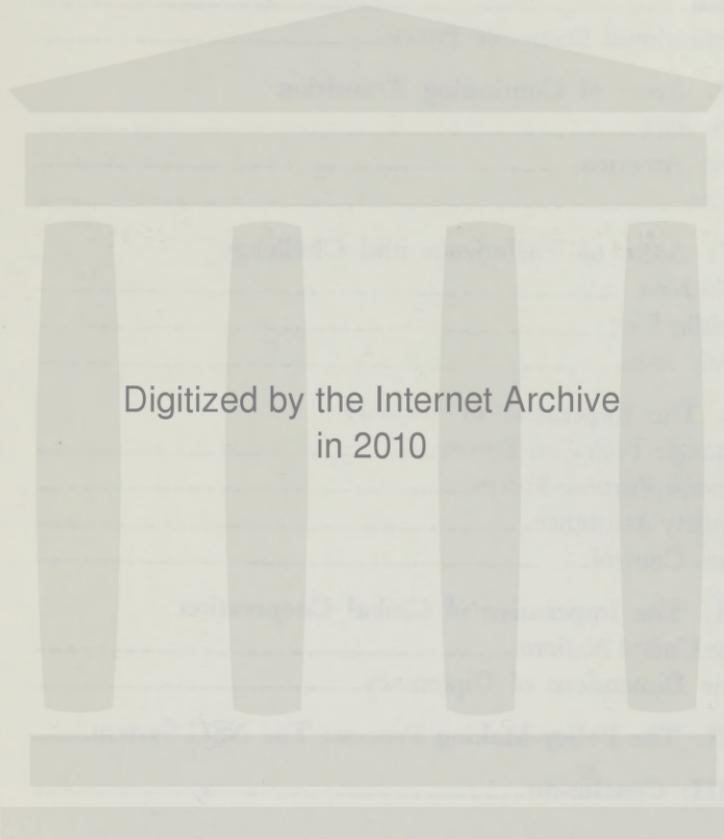
A handwritten signature in black ink, appearing to read "Richard Nixon".

THE WHITE HOUSE

February 9, 1972

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WATERSHED MA—FACTORY GENERATION SITE—1981

Water quality in the Mill River watershed has been monitored since 1975. This report summarizes the results of monitoring activities in 1981. The Mill River is a small stream that flows through the town of Braintree, Massachusetts. It is approximately 3 miles long and has a drainage area of about 10 square miles. The river flows generally eastward, eventually emptying into the Atlantic Ocean at Hingham Bay.

The purpose of this report is to provide an overview of the water quality conditions in the Mill River watershed. The report includes information on the physical characteristics of the river, the chemical composition of the water, and the biological health of the river. The report also includes a summary of the results of the monitoring activities in 1981.

PART I

THE WATERSHED YEAR—AN OVERVIEW

In this section, we will provide an overview of the water quality conditions in the Mill River watershed. We will discuss the physical characteristics of the river, the chemical composition of the water, and the biological health of the river.

The Mill River is a small stream that flows through the town of Braintree, Massachusetts. It is approximately 3 miles long and has a drainage area of about 10 square miles. The river flows generally eastward, eventually emptying into the Atlantic Ocean at Hingham Bay.

The physical characteristics of the river include its length, width, and depth. The river is approximately 3 miles long and has a drainage area of about 10 square miles. The river flows generally eastward, eventually emptying into the Atlantic Ocean at Hingham Bay.

The chemical composition of the water includes the concentration of various chemicals in the water. The water is analyzed for a variety of chemicals, including dissolved oxygen, pH, and total dissolved solids. The water is also analyzed for a variety of organic compounds, including total organic carbon, total organic nitrogen, and total organic sulfur.

The biological health of the river is assessed by monitoring the presence of various organisms in the water. The water is analyzed for a variety of organisms, including bacteria, fungi, and algae. The water is also analyzed for a variety of invertebrates, including insects, crustaceans, and molluscs.

The results of the monitoring activities in 1981 indicate that the water quality conditions in the Mill River watershed are generally good. The water is relatively clean, with low concentrations of most pollutants. The water is also relatively healthy, with a variety of organisms present. The water is also relatively healthy, with a variety of organisms present.

1971—THE WATERSHED YEAR—AN OVERVIEW

This is the third Report of this kind which I have made to the Congress. It comes after a year of dramatic developments. The earlier Reports set forth fully this Administration's analysis of the world situation. They expressed the conviction that new conditions required fundamental changes in America's world role. They expounded our conception of what that role should be.

In short, they foreshadowed a transformation of American foreign relations with both our friends and our adversaries.

For three years, our policies have been designed to move steadily, and with increasing momentum, toward that transformation.

1971 was the watershed year. The foundation laid and the cumulative effect of the actions taken earlier enabled us to achieve, during the past year, changes in our foreign policy of historic scope and significance:

- An opening to the Peoples Republic of China;
- The beginning of a new relationship with the Soviet Union;
- The laying of a foundation for a healthier and more sustainable relationship with our European allies and Japan;
- The creation of a new environment for the world's monetary and trade activities.

This Report is addressed to those and other developments. It is, however, a companion piece to the two earlier Reports, for without an understanding of the philosophical conception upon which specific actions were based, the actions themselves can neither be adequately understood nor fairly judged. This account of a year of intense action, therefore, properly begins with a brief review of the intellectual foundation on which those actions rest.

A Changed World

In the first two Reports, I stressed the fact that the postwar period of international relations had ended, and that it was the task of this Administration to shape a new foreign policy to meet the requirements of a new era. I set forth at some length the changes in the world which made a new policy not only desirable, but necessary.

1. The recovery of economic strength and political vitality by Western Europe and Japan, with the inexorable result that both their role and ours in the world must be adjusted to reflect their regained vigor and self-assurance.
 2. The increasing self-reliance of the states created by the dissolution of the colonial empires, and the growth of both their ability and determination to see to their own security and well-being.
 3. The breakdown in the unity of the Communist Bloc, with all that implies for the shift of energies and resources to purposes other than a single-minded challenge to the United States and its friends, and for a higher priority in at least some Communist countries to the pursuit of national interests rather than their subordination to the requirements of world revolution.
 4. The end of an indisputable U.S. superiority in strategic strength, and its replacement by a strategic balance in which the U.S. and Soviet nuclear forces are comparable.
 5. The growth among the American people of the conviction that the time had come for other nations to share a greater portion of the burden of world leadership; and its corollary that the assured continuity of our long term involvement required a responsible, but more restrained American role.
- ## **The Philosophy of a New American Foreign Policy**
- The earlier Reports also set forth the philosophical convictions upon which this Administration was proceeding to reshape American policies to the requirements of the new realities. The core principles of this philosophy are:
- A leading American role in world affairs continues to be indispensable to the kind of world our own well-being requires.
 - The end of the bipolar postwar world opens to this generation a unique opportunity to create a new and lasting structure of peace.
 - The end of bipolarity requires that the structure must be built with the resources and concepts of many nations—for only when nations participate in creating an international system do they contribute to its vitality and accept its validity.
 - Our friendships are constant, but the means by which they are mutually expressed must be adjusted as world conditions change. The continuity and vigor of our alliances require that our friends assume greater responsibilities for our common endeavors.

- Our enmities are not immutable, and we must be prepared realistically to recognize and deal with their cause.
- This requires mutual self-restraint and a willingness to accommodate conflicting national interests through negotiation rather than confrontation.
- Agreements are not, however, an end in themselves. They have permanent significance only when they contribute to a stable structure of peace which all countries wish to preserve because all countries share its benefits.
- The unprecedented advances in science and technology have created a new dimension of international life. The global community faces a series of urgent problems and opportunities which transcend all geographic and ideological borders. It is the distinguishing characteristic of these issues that their solution requires international cooperation on the broadest scale.
- We must, therefore, be willing to work with all countries—adversaries as well as friends—toward a structure of peace to which all nations contribute and in which all nations have a stake.

The Breakthrough—Actions We Have Taken

This Report is an accounting of the application of that philosophy to American foreign policy. It is beyond dispute that we have made signal progress. Taken together, the initiatives of 1971 constitute a profound change in America's world role.

The heart of our new conception of that role is a more balanced alliance with our friends—and a more creative connection with our adversaries.

Breakthrough With Our Adversaries. Toward our two principal adversaries, the Peoples Republic of China and the Soviet Union, we faced dissimilar problems. With China, the task was to establish a civilized discourse on how to replace estrangement with a dialogue serving to benefit both countries. With the Soviet Union, we already had the discourse. We had examined at great length the general principles upon which the policies of both countries must be based, if we were to move from the mere assertion to the harmonization of conflicting national interests. The task was to make this discourse fruitful by moving to the achievement of concrete arrangements of benefit both to the Soviet Union and ourselves.

We have, in 1971, made striking progress toward both goals:

1. *The Peoples Republic of China.* We have ended a 25-year period of implacable hostility, mutually embraced as a central feature of

national policy. Fragile as it is, the rapprochement between the most populous nation and the most powerful nation of the world could have greater significance for future generations than any other measure we have taken this year.

This initiative was the fruit of almost three years of the most painstaking, meticulous, and necessarily discreet preparation. It is an essential step in tempering animosities which have their roots in the past and which stand in the way of our hopes for the future.

My visit to Peking in February will certainly not bring a quick resolution of the deep differences which divide us from the Peoples Republic of China. But it will be a beginning, and it will signal the end of a sterile and barren interlude in the relationship between two great peoples. Finally, it will represent a necessary and giant step toward the creation of a stable structure of world peace.

2. The Soviet Union. We have succeeded in giving a new momentum to the prospects for more constructive relations through a series of concrete agreements which get at the cause of the tension between our two countries. The agreements vary in importance, but together provide serious grounds for believing that a fundamental improvement in the U.S.-Soviet relationship may be possible.

- In February, we agreed on a treaty barring weapons of mass destruction from the ocean floor.
- In May, we broke the deadlock which had developed in the talks on limiting strategic arms, and agreed on a framework which made it possible to resume progress.
- In September, we agreed on a draft treaty prohibiting the production or possession of biological and toxic weapons.
- In September, we and our British and French allies reached an agreement with the Soviet Union on Berlin to end the use of the citizens of West Berlin as Cold War hostages, and to reduce the danger of Berlin once again becoming the focus of a sharp and dangerous international confrontation.
- In September, we agreed on a more reliable “Hot Line” communication between Washington and Moscow, and on measures for notification and consultation designed to reduce the risk of an accidental nuclear war.
- In November, the visit of the American Secretary of Commerce to Moscow was the beginning of conversations looking toward a general normalization of economic relations.

These steps can represent the start of a new relationship with the Soviet Union. There were, however, other developments in 1971 which make it

unclear whether we are now witnessing a permanent change in Soviet policy or only a passing phase concerned more with tactics than with a fundamental commitment to a stable international system. Soviet weapons development and deployment activity, Soviet arms policy in the Middle East, Soviet behavior during the India-Pakistan crisis and the expansionist implications of Soviet naval activities, all raise serious questions.

Nonetheless, the number and scope of the positive developments led us to conclude that a meeting at the highest level was appropriate and might provide the stimulus for additional progress, particularly in the fields of arms limitation and economic cooperation. Thus, in May, for the first time in our history, the President of the United States will visit Moscow. We go to that meeting with hope and determination to succeed.

Breakthrough With Our Allies. With our principal allies in Western Europe and Japan, the need was to shape our relationship into a more mature political partnership. Our alliances must now be flexible enough to permit members to pursue autonomous policies within a common framework of strategic goals. Our allies are no longer willing to have the alliance rest only on American prescriptions—and we are no longer willing to have our alliances depend for their potency and sustenance primarily on American contributions.

European unity, and Japan's status as the third greatest industrial power, lead inevitably to economic competition between us. We recognize also the necessity and right of a reinvigorated Europe and Japan to pursue their own political initiatives, just as we wish to pursue ours.

Our alliances, therefore, can no longer draw their cohesion only from our agreement on what we are against. We need instead a clearer focus on what we are for.

Our alliances are no longer addressed primarily to the containment of the Soviet Union and China behind an American shield. They are, instead, addressed to the creation with those powers of a stable world peace. That task absolutely requires the maintenance of the allied strength of the non-Communist world.

Within that framework, we expect and welcome a greater diversity of policy. Alliance does not require that those tendencies be stifled, but only that they be accommodated and coordinated within an overall framework of unity and common purpose.

In 1971, important actions were taken to put that theory into fruitful practice.

1. *The removal of the economic threat to allied unity.* The old international monetary and trading system had begun to undermine our alliance system. It had become unfair, in one aspect or another, both for us and our major trading partners and allies.

- It led inevitably to recurrent international monetary crises.
- Its dependence on the dollar as a reserve currency was seen by others as enabling us to escape monetary and fiscal discipline in domestic policy.
- Its rigidity limited our ability to redress our imbalance of payments, while enabling others to alter their currencies to improve their own trading position.
- It contributed to a chronic U.S. imbalance of payments.
- It placed severe strains on our political relations with some of our closest friends and allies.

Both political and economic common sense dictated vigorous action—in our own national interest, in that of our allies, and in our shared interest in allied unity. What we needed was not a patchwork adjustment, but a more fundamental change in the manner in which the non-Communist world's economy is managed.

Despite the general dissatisfaction, the inertia of the existing system and the conventional opposition to drastic change were tremendous. Hard steps were necessary to bring home to other countries that we were serious, and that reform of the international trade environment and a general realignment of currency values could no longer be delayed.

We, therefore, took drastic unilateral measures on August 15. Paradoxically, these were taken in order to stimulate a multilateral settlement of the problem. We did not in the period that followed resort to bilateral agreements. We sought instead a new international agreement which all would participate in creating.

In December of 1971, the general realignment of currencies took place. That was the necessary first step. With our partners we will, over the next year or two, pursue a more balanced monetary system and a more equitable trading environment. Most important of all, we have acted together to meet our economic problems in a way which strengthens our unity and guarantees our continued cooperation. We have, therefore, put behind us the imminent danger that conflicting economic interests would lead to the unravelling of free world cohesion.

2. The evolution of our political and defense relationships. Our partnerships today comprise a varied and dynamic coalition of self-assured and independent states. In this Administration, the United States has shifted from the predominant role it played in the postwar period to a new role of accepting and encouraging initiative and leadership from our allies. Our basic common interests establish the requirement, and maturity and statesmanship furnish the tools, for the preservation of the basic harmony of our policies.

In consonance with our new approaches to China and the Soviet Union, we supported a series of measures by our allies looking toward more autonomous policies. Both our initiatives and theirs were confirmed and coordinated at the end of the year in a series of meetings with the leaders of our principal allies.

- We welcomed the British decision to join the movement of European integration. A stronger Europe and more dynamic Britain are in the common interest of the West. I discussed with Prime Minister Heath at Bermuda the implications of that decision for the traditional special U.S.-U.K. relationship, and we reached agreement on how to harmonize our continuing friendship with Britain's new policies.
- We recognized France's special concerns as to the nature of the exchange rate adjustment. We met with President Pompidou in the Azores and agreed to a mutual adjustment that made possible the association of all major allies in the ensuing solution.
- We reaffirmed our acceptance of West Germany's desire for a more normal relationship with her Eastern neighbors. At Key Biscayne, we met with Chancellor Brandt and agreed upon the crucial and central role that Germany's participation in the Atlantic Alliance plays in Germany's future, including her future hopes for further improvement in her relations with Eastern Europe.
- With all our European allies we have stressed that the justification for the continued American military presence in Europe can only come from a clear and well-thought-out common strategy, and a consensus on how to share its responsibilities more equitably.
- We met with Prime Minister Sato at San Clemente, and agreed to the expedited return of Okinawa to Japan. This removes from our agenda an issue of vast potential for the disruption of the U.S.-Japanese friendship. We also indicated that we would regard a larger Japanese role in the economic and political affairs of Asia not as a substitute for or interference with our role, but as natural, necessary and proper. We clarified the fact that our initiative toward China is consistent with the continuity of the close U.S.-Japanese relationship.

The Problem of Timing

These were the most dramatic manifestations of our new policy toward both friends and adversaries. In the nature of things, progress in all areas could not be achieved simultaneously—and this led for a time

to understandable concern that our interests in some areas were being sacrificed to the need for progress in others. Our approach to China had an impact on Japan, as did our negotiations with the Soviet Union on our friends in Western Europe. Our unilateral economic measures affected both. As a result, our relations with our allies appeared for a period of several months to be somewhat out of phase with the innovations taken in our relations with our adversaries.

By the end of the year, however, it was clear that our initiatives toward both our friends and our adversaries were in basic harmony. Progress in each contributed to progress in the other. In phase, each reinforced and gave added momentum to the other.

The total effect was an integrated and consistent adjustment of U.S. foreign policy to the requirements of a changed world.

Other Areas of Progress

There were other areas in which important, if quieter, progress was made in 1971 toward shaping the new American role in the world.

In our relations with all countries we proceeded to give effect to our new policy of insisting that the United States has neither the prescriptions nor the resources for the solution of problems in which ours is not the prime national interest. It is coming to be widely understood that we are in earnest when we say that it is for others to formulate solutions to these problems, and that our contribution should be viewed as a supplement to the application of major resources from those primarily at interest.

Latin America. We have looked to our Latin American neighbors for their initiatives and leadership. We are encouraging them to shape the political and economic framework in which our own contribution to common aims can be most effective.

Asia. We have helped our Asian allies create a greater capability to meet their own defense needs. This has enabled us to reduce substantially our military presence there, without abandoning our commitments to those steadfast friends. Indeed, by adhering to this pattern of building greater local capability, we have in three years reduced the American military presence in Asia from almost 800 thousand to less than 300 thousand without endangering the stability of the area or abandoning our commitments to our friends.

Africa. We have followed a deliberate policy of restraint in involvement in the political problems of Africa, while increasing our contribution to worthy African-initiated development activities.

New dimension of diplomacy. We have taken the initiative in stimulating international action on many of the issues which constitute the new dimension of diplomacy.

- We are making a major effort to reach worldwide agreement in 1973 on a new Law of the Sea. Such an agreement is needed to ensure that the vast potential of the ocean and its resources serves to benefit mankind rather than becoming a new source of conflict between nations.
- We have taken the lead in organizing a concerted international effort to control narcotics.
- We have helped in persuading the world community to recognize the dangers of, and take effective measures to control, excessive population growth.
- We are participating in a major effort to focus the world's attention and resources constructively on the threat to the global environment.
- We have consistently asserted and worked to stimulate the general world interest in space exploration and global communications.
- We have provided leadership in the efforts of the world community to meet the challenge of air piracy.

Our Basic National Purpose—and Vietnam

Each of the initiatives described is significant in itself. But their true significance lies in the fact that they are all part of a whole, each contributing to our basic purpose of building a stable peace.

During much of the previous decade, our national effort to reach that goal had been disrupted by our concentration on the war in Southeast Asia. We therefore faced the exigent need to reshape the American role in Vietnam so that it contributed to, rather than inhibited, progress toward the national goal of secure world peace.

We promised to end the conflict, but in a way that did not mock our effort to bring about a stable peace. On January 25, 1972 I described our thirty-month effort to reach peace through secret negotiations. I also presented our new proposals which clearly make possible a peaceful settlement which entrusts the political future of South Vietnam to the South Vietnamese. Alternatively, as we offered to do over nine months ago, we are ready to conclude a settlement of military issues only. To date, however, our earnest efforts to end the war for all participants through negotiations have foundered on Communist obstinacy. That has left us no choice but to move toward ending the war for America through Vietnamization of the conflict.

We have come a long way. In Vietnam, we have changed the very nature of the U.S. involvement. Our ground combat role has effectively

ended. When I came into office, the American troop ceiling in Vietnam was 549,500, and we were suffering an average of more than 1,000 casualties a month. As I write this Report, our troop level has dropped below 139,000—and will be no higher than 69,000 by the first day of May. In December 1971 our combat deaths were down to 17. Air sorties, budget costs, draft calls—all have sharply declined.

Those facts represent the transformation of the American role in Vietnam. We have done this, as we promised to do, without abandoning our commitments to our allies. As our role has diminished, South Vietnam has been able increasingly to meet its own defense needs and provide growing security to its people.

Progress Was Tempered by Disappointments

During the year there were several sharp disappointments.

- The greatest was the failure of our intense public and private efforts to end the Vietnam War through a negotiated settlement. Such a settlement continues to be available to our enemy whenever he is prepared to negotiate in earnest. The only serious barrier to a settlement which remains is the enemy's insistence that we cooperate with him to force on our ally at the negotiating table a solution which the enemy cannot force upon him in the field, and is unwilling to entrust to a political process. That we are not willing to do. We are ready to reach an agreement which allows the South Vietnamese to determine their own future without outside interference. This goal can be reached whenever Hanoi distinguishes between a settlement and a surrender.
- In South Asia, we made a determined year-long effort to prevent a war. We did not succeed. Our deep interest in the well-being of both India and Pakistan compounded our disappointment. We attempted to moderate the crisis with a massive relief effort and with an intense diplomatic campaign to promote a political solution. But war had its own momentum. The violation of peace in South Asia had ominous implications for the stability of other areas of tension in the world and for our efforts to establish a more hopeful relationship with our adversaries.
- In the Middle East, we were unable to make a breakthrough toward peace. Although the ceasefire resulting from our initiative in 1970 was maintained, it did not prove possible to engage the parties in negotiations, and consequently no progress was made

toward the essential requirement of Middle-Eastern peace: an arrangement which rests the security of all on something more reliable than the good will of a nation's adversaries.

- In Latin America, we have yet to work out with our friends a solution of the conflict between their desire for our help and their determination to be free of dependence upon us. The thrust for change in Latin America, and our response to it, have yet to shape themselves into a pattern permitting us to make as full a contribution as we wish and as our hemisphere friends expect.
- In Africa, we have witnessed the growing maturity of the newly independent states, and the increasing concentration of their governments on the hard tasks of internal development. This is a heartening process, and it is one which deserves our encouragement. It is, therefore, a sharp disappointment, both to us and to our African friends, that our shrinking aid appropriations may prevent us from matching our expressions of good will with the material assistance which African countries want and need.
- In the United Nations we were unable to preserve a place for the Republic of China.

Unfinished Business

In 1971, we passed a critical point in creating a new world role for the United States. But we are far from having completed the task. In almost every case, a listing of what we have done serves as an illustration of how far we still have to go. Our accomplishments as well as our disappointments define the agenda for the future. In all candor, I must say that the salient feature of the current state of U.S. foreign policy is the need for more progress on a whole series of pressing problems.

- We need to prove, through additional concrete accomplishments, the benefit to both the Soviet Union and ourselves of mutual self-restraint and willingness to accommodate rather than merely assert our respective national interests.
- We need to continue the hopeful but delicate process of creating a better relationship between ourselves and the Peoples Republic of China.
- We need to bring the arms race under control. Nothing would do more for our material and psychological well-being than to lighten this burden. It is axiomatic that it cannot be done at the sacrifice of our national security; but if it can be done without such a sacrifice, nothing would contribute more to our national security.

- We need to find the most effective way to help the poorer nations. Yet we now find ourselves in national disarray regarding our approach to economic assistance. Our wealth, our humanitarian traditions, and our interests dictate that we have an active foreign assistance program. The world looks to us for help in this area, and it is right that we should respond. I am prepared to work with the Congress to that end.
- We need to finish the construction with our partners of a reformed trade and monetary system which sustains our unity by encouraging the economic well-being of all.
- We need to continue, with both our friends and our adversaries, to build an international system which all will work to preserve because all recognize their stake in its preservation.
- We need to deal realistically with the fact that the United Nations is facing what I can only call a crisis of confidence. Whatever its current weaknesses, the UN makes an essential contribution to the structure of world peace and thus to mankind's future.

This Report is, therefore, presented with a very sober awareness of how great a task still lies before the nation. We are still engaged in the essential job of redefining our role in the world. It must do justice to our capacity and obligation for leadership. It must also recognize our limitations. Above all, it must be based on a solid consensus of American public understanding and support. It is my hope that this Report will help engender that support among the people of the nation and the Congress which represents them.

We believe the direction we have established and the actions we have taken commend themselves to such support.

...the world's major powers, and the political, economic, and social changes that have taken place in the last decade. This book is divided into three parts. Part I, "The World in Transition," provides an overview of the major political and economic developments in the United States, Soviet Union, and Japan. Part II, "Areas of Major Change," focuses on specific areas of change in each of these countries. Part III, "The Future Outlook," presents a summary of the likely future developments in each country and their implications for the world.

PART II

AREAS OF MAJOR CHANGE

The Soviet Union

China

Europe and the Atlantic Alliance

Japan

International Economic Policy

THE SOVIET UNION

"... one of the paramount problems of our time is that we must transcend the old patterns of power politics in which nations sought to exploit every volatile situation for their own advantage or to squeeze the maximum advantage for themselves out of every negotiation.

"... The profoundest national interest of our time—for every nation—is not immediate gain, but the preservation of peace."

Address to the United Nations
October 23, 1970

Since the nuclear age began, both the world's fears of Armageddon and its hopes for a stable peace have rested on the relationship between the United States and the Soviet Union. For most of that period, the policies of both countries have been directed more to the fearful possibility than to the larger hope.

But it is not inevitable that our relationship with the Soviets be dominated by an incessant and dangerous contest made all the more ominous by an occasional, but always brief and unproductive, oscillation toward detente. The true interests of neither country require such a relationship. The needs of neither are served by the restrictions it places on the intercourse between our two great peoples.

It has been the purpose of this Administration to transform the U.S.-Soviet relationship so that a mutual search for a stable peace and security becomes its dominant feature and its driving force. If the ultimate prospect for a stable world peace requires accommodation between China and the United States, both the immediate and the long term hopes for world stability rest on a more decent and mutually beneficial relationship between ourselves and the Soviet Union.

Such a vision is not quixotic. It has been rendered possible by the end of the bipolar rigidity which characterized the postwar world. It is sustained by the desire of the Soviet people for the benefits which would be theirs if their government could reduce the vast investment of resources in international competition with us. And it is countenanced by the readiness of the American people to search for a new and just approach to lasting peace.

For the three years of this Administration, we have, therefore, worked to establish a more positive relationship with the Soviet Union.

Paradoxically, this required that we put aside the temptations of immediate, but shallow, "accomplishments" such as unprepared and unproductive summit meetings. A constructive relationship with the Soviet Union cannot be built merely by mutual assertions of good intentions or assurances of good will. History has amply shown how barren such gestures are of genuine and lasting result.

The issues which divide the United States and the Soviet Union are real and serious. They are at the heart of the security and well-being of both countries. They are not, therefore, susceptible to solution by resort to mere atmospherics. They require, instead, concrete agreements on the specific problems which cause the tension between our two countries.

Such agreements can be obtained only by a careful and painstaking effort by both countries. It requires each to exercise restraint, to recognize and accept the legitimate interests of the other, and to negotiate realistically to accommodate conflicting views. For our part, we are committed to such an approach. We are convinced that it can serve the best interests of the American and Soviet peoples and the peoples of the world.

That is the burden of the message which, in various ways, we have been conveying to the Soviet leaders for the past three years. We hope that what has been accomplished will prove to be the beginning of a transformation of the relationship between ourselves and the Soviet Union.

The first requirement for such a transformation is that we understand clearly the sources of our differences. They are profound and they do not spring from transitory causes, or from personalities, or from some historical accident. Rather, they are rooted in the different ways our two countries have developed. They are exacerbated by tendencies which spring from our national personalities and our differing approaches to the conduct of international affairs.

—Americans consider tensions in international relations abnormal, and yearn to see them resolved as quickly as possible. We tend to believe that good will is a principal ingredient for their resolution, and that our own good will is beyond question. We assume that if tensions persist, it is proof that our adversary is implacably hostile to us. The application of these attitudes to relations with the Soviet Union has led us to excessive and unjustified optimism during periods of detente, and to uncritical acceptance of inevitable and unbounded hostility during periods of tension.

—The USSR tends to view external tensions as the inevitable corollary of conflicting social systems. Soviet diplomacy therefore is prepared to accept international tension as normal, and, too often, to view negotiations with the United States as a form of harsh competition from which only one side can possibly gain advantage. In the

past, this attitude has often tempted the Soviets to treat the occasional improvement in our relations as a transitory opportunity to achieve narrow tactical advantages. It has led the Soviets to consider the intervening periods of hostility as inevitable, and the causes of that hostility as beyond resolution.

—Both these attitudes reflect the national experiences of the United States and the Soviet Union, and have worked for two decades to frustrate a better relationship between our two countries. They cause periods of detente to founder, and they protract and intensify the periods of hostility.

It is, of course, true that there are deep concerns that divide us. The beginning of a process of accommodation is to recognize them for what they are.

- We are ideological adversaries, and will remain so.
- We are political and military competitors, and neither can be indifferent to advances by the other in either field.
- We each stand at the head of a group of countries whose association we value and are not prepared to sacrifice to an improvement in Soviet-American relations.
- We each possess an awesome nuclear force created and designed to meet the threat implicit in the other's strength.
- We both conduct global policies. Unless prudence is used, this can create new tensions and areas of conflict in our relations.
- Both our peoples are acutely conscious of almost half-a-century of sharp hostility. This historic fact conditions efforts to move toward a better relationship.

The essence of this Administration's approach to the Soviet Union has been to concentrate on the substance rather than the climate of our relationship and to confront squarely the serious issues which divide us. This required the careful and unemotional examination with the Soviet Union of the specific problems which appeared susceptible of resolution and of the general approach which both countries must take to those problems and to the overall conduct of our relationship, if progress were, in fact, to be obtained.

Our determination to pursue this approach was reinforced by changes in the international scene affecting Soviet interests and the USSR's position in the world. There were ambiguous tendencies in Soviet policy; the same factors that might lead the USSR toward greater hostility also suggested the opportunity for a relaxation of tension. The task of American policy was to recognize the persistence of this ambiguity and to take action to strengthen the more positive tendencies.

—Sharp rivalries had grown up within the Communist world and had become an important influence on Soviet foreign policy. They

created some immediate pressures to compete for the mantle of militancy. In some areas—especially in Asia—Communist competition actually sharpened conflicts. The breakup of a single Communist entity, however, relaxed some of the ideological inhibitions against dealing with the U.S. and forced the Soviet Union to reevaluate its security concerns. This suggested that the Soviet Union might seek a reduction of tensions with the U.S. and its Atlantic allies.

—The Soviet Union had created a nuclear force comparable to ours. The magnitude of Soviet strategic programs and their accelerating pace opened up both opportunities and dangers that had not existed before; the USSR might be tempted by the possibility of gaining a dominant position, even though it should be clear that neither side would permit the other to develop a decisive strategic advantage. On the other hand, it was possible that for the first time, strategic conditions freed the USSR from some of its own fears and might permit serious arms limitations at no disadvantage to either side.

—The expansion of Soviet military and economic resources has made feasible a steady expansion of the Soviet presence in the Middle East, in South Asia, and in other areas. As it increases its influence, however, the Soviet Union also acquires responsibilities, and hopefully a new interest in regional stability. To the degree the USSR exercises its influence in the interest of restraint, the USSR and the U.S. could act on parallel courses.

—The Soviet Union has created a mature industrialized economy. The continued growth of that economy made it possible to sustain a major arms program and increasingly serve civilian needs. On the other hand, the satisfaction of the growing expectations of the Soviet people for consumer benefits provides an incentive for a more normal relationship with the industrial powers of the non-Communist world.

We have sought to encourage those tendencies in Soviet policy which suggested a readiness to seek change through an evolutionary process. Thus, at the outset of this Administration, I stated publicly that our goal was to move from confrontation to negotiation, and that in pursuing that policy, our relations with the Soviet Union would be governed by four principles.

—We would judge Soviet policy by its actions on the key issues which divide us. In negotiations we would adopt a conciliatory posture, but our positions would be affected only by concrete measures, not by assumptions regarding Soviet intentions.

—Our objective was significant progress on divisive issues, rather than superficial changes in the climate of the U.S.-Soviet relationship.

On March 4, 1969, I suggested Berlin, limitations on strategic arms, the Middle East, and Vietnam as areas where progress should be made.

—We would set no preconditions. We would judge each issue on its merits. Nevertheless, we recognized that accommodation is a process, and that the settlement of a major issue could not fail to improve the prospect for the settlement of others, just as failure would cloud the prospects of broad progress.

—A broad and mutual self-restraint was essential. If either side sought to gain significant advantage over the other, it would inevitably lead to counter-actions aimed at redressing the balance. That in turn would jeopardize any progress that had already been achieved, and make infinitely more difficult the task of reaching agreements on the specific issues which divide us.

In 1969, a beginning was made. Negotiations were initiated on Berlin and on the limitation of strategic arms. Discussions took place on the Middle East situation.

Progress, however, came slowly, when it came at all. The conflicting tendencies in Soviet policy were evident. The Soviets sought detente in Europe without a relaxation of hostility toward the United States. They encouraged a favorable turn in Soviet-German relations, while taking an adamant stand in the Four-Power negotiations on Berlin. Under those conditions a broad discussion of European security could not take place; repeated Soviet calls for such a discussion appeared to be more a maneuver to divide the West than a reflection of a desire to resolve conflicting interests.

In 1970, tensions began to heighten once more. There was a sharp crisis in the Middle East. The fragile ceasefire achieved in August, to which we attached great value and for which we had labored long, was almost killed in its infancy. The cause was a rash and provocative Soviet and Egyptian missile buildup along the Suez Canal. Soviet-supported Syria attacked and, for a short time, threatened the survival of Jordan, a good friend of the United States. The Soviets appeared to be attempting to build a submarine base in Cuba, which would have violated the understanding which ended the Cuban missile crisis, and could have posed a threat to peace. The initial progress in the arms limitation talks gave way to an impasse. The talks on Berlin stagnated.

By the fall of 1970 we seemed on the verge of a new, perhaps prolonged, and certainly fruitless and dangerous period of tension. The Soviet Union did not seem to share our interest in better relations, nor was there evidence that it was resolved to practice the self-restraint essential to such relations.

At the same time, there were other trends that led us to conclude that a more personal and direct approach to the Soviet leaders might be timely and productive, despite the apparent deterioration in our relations. They might have their own reasons for second thoughts. The crises in the Middle East and the Caribbean had underlined once again the dangers of unmitigated competition between us. There were new stresses in Eastern Europe which might give the Soviets a reinvigorated desire for a reduction of East-West tensions in Europe. The approach of the Soviet Party Congress ensured that Soviet leaders were reexamining their policies and the prospects they offered. They might be attracted to alternatives which carried greater promise.

We were approaching a turning point. I felt an obligation to convey to the Soviet leaders my conviction that an improvement in relations was still a distinct possibility, and that the alternative to it was a sharp deterioration dangerous for both of us and bereft of promise to either.

I invited Foreign Minister Gromyko to Washington on October 22, 1970, and we discussed at some length the general prospects for Soviet-American relations and the status of specific issues.

On the following day I went to New York and spoke to the United Nations General Assembly. That speech was addressed primarily to the leaders of the Soviet Union:

“The issue of war and peace cannot be solved unless we in the United States and the Soviet Union demonstrate both the will and the capacity to put our relationship on a basis consistent with the aspirations of mankind. . . . In the world today we are at a cross-roads. We can follow the old way, playing the traditional game of international relations, but at ever-increasing risk. Everyone will lose. No one will gain. Or we can take a new road.

“I invite the leaders of the Soviet Union to join us in taking that new road . . .”

Shortly thereafter I initiated a confidential and ultimately productive exchange directly with the Soviet leaders.

In all of these initiatives I stressed the need for concrete progress, and pointed to the Berlin and arms limitation talks as ideal candidates for a successful accommodation of our interests. Both negotiations were at an impasse. Both required bold initiatives.

The talks on the limitation of strategic arms had reached a point of fundamental conflict beyond the ability of the negotiators to resolve. The Soviet Union wished to work toward an initial agreement limited solely to anti-ballistic missiles. We considered that so narrow a solution would risk upsetting the strategic balance, and might put a premium on the further development of offensive weapons. Each view was held firmly

and was reinforced by the national view of the imperatives of security in a nuclear age. The impasse could be resolved only at the highest political level, and only by an agreement which somehow took into account the concerns reflected in both positions.

My exchanges with the Soviet leaders were addressed to this problem. A mutual interest in compromise was developed and both sides made a positive contribution. As a result we were able to agree upon a basis which permitted the negotiations to resume their momentum and their progress. We agreed that first priority in the talks would go to defensive systems, but that the final conclusion of such an agreement would take place simultaneously with an agreement on limitations on offensive weapons. Thus the assured and essential linkage was preserved between offensive and defensive limitations.

In the same period, in consultation with our allies, I approved a more intense program for the Berlin talks, which had been discussed with Foreign Minister Gromyko. Those negotiations, too, were stalled. Neither side would abandon legal and political principles to which they had adhered for two decades. Nonetheless, both sides were prepared for an agreement, though for different reasons. The Soviets recognized that the ratification of the West German-Soviet treaty would be impossible if there were no Berlin agreement. We wanted to remove Berlin as a perennial source of conflict and tension. We agreed, therefore, to lay aside the legal and political issues and to seek an accord on and a clarification of West Germany's ties to West Berlin.

In this period, there were other evidences of a spirit of reciprocity on the Soviet side. The position taken by Secretary Brezhnev at the Soviet Party Congress in March 1971 was encouraging. We felt that the Soviet leaders, in effect, had publicly accepted the offer of the new road in Soviet-American relations which I had suggested in my UN speech. This impression was confirmed in various private exchanges. Most important of all, it was reflected in the concrete progress made during 1971 on a wide range of issues.

—On May 20, 1971 I announced that the impasse in the SALT negotiations had been broken. Vigor and promise were restored to the talks.

—In August, the Ambassadors of the United Kingdom, France, the Soviet Union, and the United States reached an agreement on Berlin which was approved by their governments and signed on September 3. This agreement guarantees that access to the Western sectors of Berlin from West Germany will be unimpeded, and that West Berliners will be able to travel to East Berlin and East Germany on the same basis as any other persons.

—In September, the United States and the Soviet Union agreed at the Geneva disarmament talks to a draft treaty banning the

development, production, or possession of biological and toxin weapons. The treaty was submitted to the UN and endorsed in December.

- In September, the SALT talks resulted in two new agreements. The first will improve the reliability of direct communications between the heads of the Soviet and American governments—the “Hot Line”—by the use of satellite communications. The second involves the exchange of certain information to reduce the risk of an accidental nuclear war.
- In November our Secretary of Commerce visited the Soviet Union and initiated a series of discussions with Soviet leaders looking toward the normalization of our economic relations. He was received with marked cordiality. His discussions with Premier Kosygin opened a broad vista for an expansion of mutually beneficial economic contacts between ourselves and the Soviet Union.

In addition to these major developments, there was a series of agreements on additional measures striking both in their diversity and in their promise of mutual advantage.

- In January, representatives of the National Aeronautics and Space Administration and the Soviet Academy of Sciences discussed co-operation in space research. This followed an agreement the previous October to study measures which would permit Soviet space craft to dock with our own.
- In May we agreed to the participation of American firms in a large Soviet manufacturing project on the Kama River. This will lead to substantial American sales.
- In May the Surgeon General of the United States and his Soviet counterpart discussed the establishment of a joint health policy board which would meet annually to cooperate in research on cancer and heart disease.
- In October, an American delegation went to Moscow to discuss measures to reduce the chances of incidents at sea between our Navy and that of the Soviet Union. Initial understandings were reached, and the talks will continue with the aim of a formal and broad agreement to reduce the potential for a dangerous but unintended confrontation.
- In November we agreed with the Soviet Union to discuss changes in our maritime regulations to facilitate the use by the ships of each side of the port facilities of the other.

The Meeting at the Summit

By the fall of 1971 it was beyond dispute that marked progress had been made, both on broad international issues, and in our bilateral relationship with the Soviet Union.

Thus the conditions had been created which justified a meeting between myself and the Soviet leaders. The progress that had been made gave promise that such a meeting could be successful and lead to additional progress. It ensured that a summit would not be an empty and self-deluding exercise in atmospherics.

On October 12, 1971, I announced:

"The leaders of the United States and the Soviet Union, in their exchanges during the past year, have agreed that a meeting between them would be desirable once sufficient progress had been made in negotiations at lower levels.

"In light of the recent advances in bilateral and multilateral negotiations involving the two countries, it has been agreed that such a meeting will take place in Moscow in the latter part of May, 1972.

"President Nixon and the Soviet leaders will review all major issues, with a view towards further improving their bilateral relations and enhancing the prospects of world peace."

In Moscow, we will have three central objectives. We want to complete work on those issues which have been carried to the point of final decision. We want to establish a political framework for dealing with the issues still in dispute. And we want to examine with the Soviet leaders the further development of the U.S.-Soviet relationship in the years ahead.

The tasks ahead arise logically from the present state of relations:

- An accord on an initial strategic arms limitation agreement, or on the issues to be addressed in the second stage of the SALT negotiations.
- A discussion of the problem of the Middle East and the reasons for the failure to reach a peaceful settlement there.
- A discussion of the problem of European security in all its aspects and the identification of mutually shared objectives which will provide a basis for further normalization of intercourse between Eastern and Western Europe. No agreements in this area, however, will be made without our allies.
- An exploration of our policies in other areas of the world and the extent to which we share an interest in stability.
- An examination of the possibility of additional bilateral cooperation. The steps taken so far have been significant, but are meager,

indeed, in terms of the potential. There are a variety of fields in which U.S.-Soviet cooperation would benefit both. Our economic relations are perhaps the most obvious example. Bilateral cooperation will be facilitated if we can continue to make progress on the major international issues.

We do not, of course, expect the Soviet Union to give up its pursuit of its own interests. We do not expect to give up pursuing our own. We do expect, and are prepared ourselves to demonstrate, self-restraint in the pursuit of those interests. We do expect a recognition of the fact that the general improvement in our relationship transcends in importance the kind of narrow advantages which can be sought only by imperiling the cooperation between our two countries.

One series of conversations in Moscow cannot be expected to end two decades' accumulation of problems. For a long period of time, competition is likely to be the hallmark of our relationship with the Soviet Union. We will be confronted by ambiguous and contradictory trends in Soviet policy. The continuing buildup of Soviet military power is one obvious source of deep concern. Soviet attitudes during the crisis in South Asia have dangerous implications for other regional conflicts, even though in the end the USSR played a restraining role. Similarly, the USSR's position in the Middle East reflects a mixture of Soviet interest in expansionist policies and Soviet recognition of the dangers of confrontation.

In the past year, however, we have also had evidence that there can be mutual accommodation of conflicting interests, and that competition need not be translated into hostility or crisis. We have evidence that on both sides there is an increasing willingness to break with the traditional patterns of Soviet-American relations. A readiness to capitalize on this momentum is the real test of the summit.

The USSR has the choice: whether the current period of relaxation is to be merely another offensive tactic or truly an opportunity to develop an international system resting on the stability of relations between the superpowers. Its choice will be demonstrated in actions prior to and after our meetings.

For our part, we are committed to a new relationship. I made this commitment in my Inaugural Address, at the United Nations, and in my exchanges with the Soviet leaders. Our actions have demonstrated our seriousness. We have the opportunity to usher in a new era in international relations. If we can do so, the transformation of Soviet-American relations can become one of the most significant achievements of our time.

CHINA

Few events can be called historic. The announcement which I read on July 15 merits that term:

"Premier Chou En-lai and Dr. Henry Kissinger, President Nixon's Assistant for National Security Affairs, held talks in Peking from July 9 to 11, 1971. Knowing of President Nixon's expressed desire to visit the Peoples Republic of China, Premier Chou En-lai on behalf of the Government of the Peoples Republic of China has extended an invitation to President Nixon to visit China at an appropriate date before May 1972.

"President Nixon has accepted the invitation with pleasure.

"The meeting between the leaders of China and the United States is to seek the normalization of relations between the two countries and also to exchange views on questions of concern to the two sides."

This announcement could have the most profound significance for future generations. The course leading up to it was carefully navigated; the opening we have made is still fragile; the immediate concrete achievements may be limited. But our purpose, and now our potential, is to establish contact between the world's most powerful nation and the world's most populous nation, and to confine our future confrontations to the conference table. Contact now might help avert a disastrous catastrophe later. It should serve to enrich the lives of our two peoples. And it could lead to cooperative ventures between our countries in the future.

The Historical Setting

My meetings with the leaders of the Peoples Republic of China will be unprecedented.

The earliest Sino-American contacts developed in the early 1800's. At that time the ancient Chinese empire, secure and preeminent, was just beginning the painful process of adapting itself to the outside world. With the world's longest history of self-government, and as the dominant political and cultural force in their region, the Chinese were self-confident and self-contained as the "Middle Kingdom" of the world. Nevertheless they were exploited by technologically superior foreign powers. The

United States—isolationist and bending its energies to national development—favored the territorial integrity of China; but our “open door” doctrine of equal treatment for all foreigners carried ambiguity in Chinese eyes.

The Communist leaders thus inherited a tradition marked by both pride and humiliation; the Chinese experience had not been one of dealing with the outside world as equals but one of either Chinese superiority or foreign exploitation. In recent years China has passed through a period of domestic turmoil and shifts in external relationships. China's leaders have decided to break the isolation that was partly self-chosen, to explore more normal relations with other countries, and to take their place in the international dialogue.

While the Chinese Revolution ran its long and tortured course the United States ended a long history of isolationism and plunged with zeal and idealism into worldwide responsibilities. We alone among the major powers emerged relatively unscathed from the Second World War. We provided the bulk of both the plans and resources for security and development around the globe. And we perceived the Communist countries, including China, as a monolithic bloc with central direction.

Today, two and a half decades after the war, new realities are reflected in a new American approach to foreign policy. The growing strength and self-confidence of others allow them to assume greater responsibilities and us to shift to a more restrained role. And with the time long past when one nation could speak for all Communist countries, we deal with individual nations on the basis of their foreign, and not their domestic, policy.

Thus, in February of 1972, after many vicissitudes, many achievements and our separate evolution, the U.S. and China enter this dialogue on a fresh foundation of national equality and mutual respect. We are both turning a new page in our histories.

Despite this hopeful beginning, we remain separated by profound differences in principle and the suspicions of decades. Until 1971 we had had little meaningful contact for most of a generation. The Peoples Republic's critical public statements and interpretations of history are well known to us. We have also made our position clear.

It serves no purpose to gloss over these sources of division. Neither side pretended during preparations for my journey, and neither will pretend afterwards, that we have solved our basic problems. We can expect our talks to be marked by the directness and candor which best serve leaders whose differences are deep but whose policies are rooted in realism.

A New Approach

My journey to the Peoples Republic of China marks both an end and a beginning. It is the culmination of three years of patient mutual effort to pierce the isolation of decades. And it represents the launching of a new process.

The July 15, 1971 statement on my trip was sudden and dramatic, but it was preceded and produced by a carefully developed series of steps. In fact, no other U.S. foreign policy move in the past three years has been approached more meticulously.

As far back as October 1967, I had written in the journal *Foreign Affairs* that "any American policy toward Asia must come urgently to grips with the reality of China," while pointing out that bold new initiatives without preparation were inappropriate.

In January 1969 I entered office convinced that a new policy toward the Peoples Republic of China was an essential component of a new American foreign policy. I was, of course, fully aware of the profound ideological and political differences between our countries, and of the hostility and suspicion to be overcome. But I believed also that in this era we could not afford to be cut off from a quarter of the world's population. We had an obligation to try to establish contact, to define our positions, and perhaps move on to greater understanding.

Recalling our historical experience and contemplating tomorrow's world, I saw the present period as a unique moment. The shifting tides in international relations, our new foreign policy perspectives, the changing face of China—these were the factors, at work in Peking as well as Washington, that beckoned our two nations toward a dialogue.

The following considerations shaped this Administration's approach to the Peoples Republic of China.

- Peace in Asia and peace in the world require that we exchange views, not so much despite our differences as because of them. A clearer grasp of each other's purposes is essential in an age of turmoil and nuclear weapons.
- It is in America's interest, and the world's interest, that the Peoples Republic of China play its appropriate role in shaping international arrangements that affect its concerns. Only then will that great nation have a stake in such arrangements; only then will they endure.
- No one nation should be the sole voice for a bloc of states. We will deal with all countries on the basis of specific issues and external behavior, not abstract theory.

- Both Chinese and American policies could be much less rigid if we had no need to consider each other permanent enemies. Over the longer term there need be no clashes between our fundamental national concerns.
- China and the United States share many parallel interests and can do much together to enrich the lives of our peoples. It is no accident that the Chinese and American peoples have such a long history of friendship.

On this basis we decided that a careful search for a new relationship should be undertaken. We believed that the Chinese could be engaged in such an effort.

The Unfolding of U.S. Policy

Both political and technical problems lay in the way of such a search. When this Administration assumed responsibility, there had been virtually no contact between mainland China and the American people for two decades. This was true for our governments as well, although sterile talks in Geneva and Warsaw had dragged on intermittently since 1955. A deep gulf of mistrust and noncommunication separated us.

We faced two major questions. First, how to convey our views privately to the authorities in Peking? Second, what public steps would demonstrate our willingness to set a new direction in our relations?

Within two weeks of my inauguration we moved on both of these fronts. I ordered that efforts be undertaken to communicate our new attitude through private channels, and to seek contact with the Peoples Republic of China.

This process turned out to be delicate and complex. It is extremely difficult to establish even rudimentary communications between two governments which have been completely isolated from one another for twenty years. Neither technical nor diplomatic means of direct contact existed. It was necessary to find an intermediary country which had the full trust of both nations, and could be relied upon to promote the dialogue with discretion, restraint, and diplomatic skill.

The two sides began clarifying their general intentions through mutually friendly countries. After a period of cautious exploration and gathering confidence, we settled upon a reliable means of communication between Washington and Peking.

In February 1969, I also directed that a comprehensive National Security Council study be made of our policy toward China, setting in motion a policy review process which has continued throughout these

past three years. We addressed both the broader ramifications of a new approach and the specific steps to carry it out.

Drawing on this analysis, we began to implement a phased sequence of unilateral measures to indicate the direction in which this Administration was prepared to move. We believed that these practical steps, progressively relaxing trade and travel restrictions, would make clear to the Chinese leaders over time that we were prepared for a serious dialogue. We had no illusion that we could bargain for Chinese good will. Because of the difficulties in communication we deliberately chose initiatives that could be ignored or quietly accepted; since they required no Chinese actions, they were difficult to reject. We purposely avoided dramatic moves which could invoke dramatic rebukes and set back the whole carefully nurtured process.

Throughout 1969 and 1970 we underlined our willingness to have a more constructive relationship.

- In July 1969, we permitted noncommercial purchases of Chinese goods without special authorization by American tourists, museums and others. We also broadened the categories of U.S. citizens whose passports would be validated automatically for travel to China.
- In December 1969, we allowed subsidiaries of American firms abroad to engage in commerce between mainland China and third countries.
- In January and February 1970, the two sides held Ambassadorial meetings in Warsaw, which in turn had been set through private exchanges. These sessions underlined the handicaps of this formal discourse. The two sides' representatives had minimum flexibility; they could do little more than read prepared statements and refer back to their capitals for instructions for the next meeting. This cumbersome exchange between wary adversaries reinforced the need for a new approach.
- In March 1970, we announced that U.S. passports would be validated for travel to mainland China for any legitimate purpose.
- In April 1970, we authorized selective licensing of non-strategic U.S. goods for export to mainland China.
- In August 1970, we lifted certain restrictions on American oil companies operating abroad so that most foreign ships could use American-owned bunkering facilities on trips to and from mainland Chinese ports.

By the end of 1970, therefore, we had laid out a careful record of unilateral initiatives. Throughout these two years we had accompanied

these steps with a series of public statements which delineated our general attitude.

—Secretary Rogers in a speech in Canberra, Australia on August 8, 1969, noted the barriers between our countries but added, “We nonetheless look forward to a time when we can enter into a useful dialogue and to a reduction of tensions.”

—In my February 1970 Foreign Policy Report, I stated that “. . . it is certainly in our interest, and in the interest of peace and stability in Asia and the world, that we take what steps we can toward improved practical relations with Peking. . . . we will seek to promote understandings which can establish a new pattern of mutually beneficial actions.”

—On October 26, 1970, in a toast to visiting President Ceausescu of Romania, I deliberately used Peking’s official title, “the Peoples Republic of China”. This was the first time an American President had ever done so.

By the time of my second Foreign Policy Report in February 1971, we had reason to believe that our moves were being noted and evaluated by the Chinese. In that Report, I cited the importance of China’s participation in world affairs, reiterated that we were ready for a dialogue with Peking, and stated that we hoped to see the Peoples Republic of China assume a constructive role in the family of nations. I looked toward the immediate future:

“In the coming year, I will carefully examine what further steps we might take to create broader opportunities for contacts between the Chinese and American peoples, and how we might remove needless obstacles to the realization of these opportunities. We hope for, but will not be deterred by a lack of reciprocity.”

The Breakthrough

By the fall of 1970, in private and reliable diplomatic channels, the Chinese began to respond. Both sides were now working to launch a process. The spring of 1971 saw a series of orchestrated public and private steps which culminated in Dr. Kissinger’s July trip to Peking and the agreement for me to meet with the leaders of the Peoples Republic of China.

—On March 15, 1971 we announced that U.S. passports no longer needed special validation for travel to mainland China.

—On April 6, 1971, in Nagoya, Japan, the U.S. table tennis team competing in the world championships received an invitation from the Chinese team to visit mainland China. This was accepted the next day. The Chinese also granted visas to seven Western newsmen to cover the team's tour. The U.S. team traveled extensively in China, and was received on April 14 by Prime Minister Chou En-lai, who told them: "with your acceptance of our invitation, you have opened a new page in the relations of the Chinese and American people."

—On that same day, we moved to further the momentum that had clearly developed. I decided on the following measures which had been under governmental study since December 1970:

- We would expedite visas for visitors from the PRC;
- U.S. currency controls would be relaxed to permit the PRC to use dollars;
- Restrictions on U.S. oil companies providing fuel to ships or aircraft en route to or from China (except those bound to or from North Korea, North Vietnam and Cuba) were eliminated;
- U.S. vessels or aircraft would be permitted to carry Chinese cargoes between non-Chinese ports, and U.S.-owned foreign-flag carriers could call at Chinese ports; and
- A list of items of a non-strategic nature would be compiled for direct export to the PRC.

—In the April 30 issue of *Life* magazine, the author, Edgar Snow, reported a conversation he had had earlier with Chairman Mao Tse-tung which confirmed private signals we had already received of Chinese interest in my visiting China.

—On May 7, 1971 we removed U.S. controls on dollar transactions with China (except those in previously blocked accounts) and certain controls on U.S. bunkering facilities and flagships.

—On June 10, 1971 we announced the end of the twenty-one year embargo on trade with the PRC. We issued a general export license for a long list of nonstrategic items for China and designated other items to be considered on a case-by-case basis. Restrictions on the import of Chinese goods were simultaneously lifted.

The stage was thus set for Dr. Kissinger's secret visit to Peking. From July 9 to July 11, Dr. Kissinger held very extensive and important discussions with Premier Chou En-lai which produced the agreement that I would visit China before May 1972.

From October 20 to 26, Dr. Kissinger again visited Peking to reach agreement on the major arrangements for my trip. Further lengthy talks

with Prime Minister Chou En-lai and other Chinese officials produced the basic framework for my meetings with the leaders of the Peoples Republic of China—including the February 21, 1972 date, the duration and itinerary, the broad agenda, and the approximate composition and facilities for the accompanying party and representatives of the media. The major elements were announced at the end of November.

On December 13, 1971 the Chinese released two Americans whom they had been holding prisoner, and commuted the life sentence of a third American to five more years. This welcome gesture came after Dr. Kissinger transmitted my personal concern during his two visits to Peking. It was both a concrete result of our efforts to establish a dialogue and a hopeful sign for future progress in our relations.

International Impact

No major step in international relations is taken without some painful adjustments and potential costs. Indeed, the tendency is to focus on the risks that might flow from a departure from familiar patterns and to lose sight of its possible benefits. It is precisely this tendency that inhibits major initiatives and perpetuates established policies which sustain the status quo.

We undertook our initiatives toward the Peoples Republic of China aware of the problems as well as the opportunities. Such a dramatic move was bound to stir great changes in the world. The news of my forthcoming trip had an expectedly galvanic impact and set in motion new currents in international relations.

We were able to inform our friends only shortly before this announcement, and we understand the complications this caused for them. There were overriding reasons for keeping Dr. Kissinger's July visit secret. We could not risk advance public disclosure of these conversations whose outcome we could not predict. This would have risked disillusionment by inflating expectations which we could not be certain of meeting. And it would have created pressures on both the Chinese and American sides, forcing both of us to take public positions which could only have frozen discussions before they began. Moreover, we knew the July discussions would not settle anything directly concerning third parties; neither we nor Peking would set or accept any preconditions.

Regardless of how it was achieved, the change in the U.S.-Chinese relationship after 20 years of animosity was bound to be unsettling. Indeed, once Peking had decided to improve relations with the U.S., it had the capability to shake our relations with our friends through its own unilateral moves; the mere invitation to an American table tennis team had major repercussions.

The price we paid for secrecy was therefore unavoidable. It should prove transitory. The important task was to move swiftly to explain our purposes to our friends and to begin meaningful exchanges about the prospects for the future.

This we have done. Since July we have consulted with interested nations, outlining our objectives and expectations, and making clear we would not negotiate to the detriment of their interests. Secretary Rogers was extremely active in explaining our China policy to Foreign Ministers and other leaders of foreign countries. Secretary Connally and Governor Reagan traveled through Asia as my personal representatives, and carried my views on our China initiative and Asian policies in general. I sent personal messages to many of our friends and allies. Our Ambassadors were instructed to explain our views and solicit those of their host governments. The prospects of my meetings in Peking and in Moscow were among the primary topics of my series of talks with allied leaders in December 1971 and January of this year.

We shall continue this process of consultation as we move forward in our relationship with the Peoples Republic of China. Our talks with our friends have focused on the longer term implications for U.S. policy. Questions have been raised which we have been careful to address publicly as well as privately.

How should our Asian friends interpret this initiative in terms of our commitments and their direct interests? There are, first of all, some general principles which apply to our relations with all concerned countries. Neither we nor the Peoples Republic asked, or would have accepted, any conditions for the opening of our dialogue. Neither country expects the other to barter away its principles or abandon its friends. Indeed, we have moved jointly in the conviction that more normal relations between us will serve the interests of all countries and reduce tensions in the Far East.

My conversations with the Chinese leaders will focus primarily on bilateral questions. Either side is free to raise any subject it wishes, and, of course, issues affecting the general peace are of bilateral concern. But we have made it clear to our Asian friends that we will maintain our commitments and that we will not negotiate on behalf of third parties. We cannot set out to build an honorable relationship of mutual respect with the PRC unless we also respect the interests of our long term friends.

Should our moves be read as shifting our priorities from Tokyo to Peking? They should not. With the Chinese we are at the beginning of a long process. With the Japanese we have enjoyed over two decades of the closest political and economic cooperation. It would be shortsighted

indeed to exchange strong ties with a crucial ally for some mitigation of the hostility of a dedicated opponent. But it would be equally short-sighted not to seek communication and better understanding with a quarter of the world's people. We see no conflict in these two aims.

The preservation of our close relationship with Japan during this effort to broaden communications with China will call for wisdom and restraint on all sides. Each of us will have to avoid temptations to exacerbate relations between the other two. Despite the uneasy legacies of history, there can be more room for progress through cooperative interchange than through destructive rivalry.

What are the implications for our longstanding ties to the Republic of China? In my address announcing my trip to Peking, and since then, I have emphasized that our new dialogue with the PRC would not be at the expense of friends. Nevertheless, we recognize that this process cannot help but be painful for our old friend on Taiwan, the Republic of China. Our position is clear. We exerted the maximum diplomatic efforts to retain its seat in the United Nations. We regret the decision of the General Assembly to deprive the Republic of China of its representation although we welcomed the admission of the Peoples Republic of China. With the Republic of China, we shall maintain our friendship, our diplomatic ties, and our defense commitment. The ultimate relationship between Taiwan and the mainland is not a matter for the United States to decide. A peaceful resolution of this problem by the parties would do much to reduce tension in the Far East. We are not, however, urging either party to follow any particular course.

What does our China initiative mean for our relations with the Soviet Union? Our policy is not aimed against Moscow. The U.S. and the USSR have issues of paramount importance to resolve; it would be costly indeed to impair progress on these through new antagonisms. Nevertheless some observers have warned that progress toward normalization of relations with Peking would inevitably jeopardize our relations with its Communist rival. There is no reason for this to be the case. Our various negotiations with the Soviet Union, for example on Berlin and SALT, made major progress subsequent to the July 15 announcement; and the agreement to meet with the Soviet leadership in May 1972 was announced on October 12, 1971.

Others have suggested that we should use our opening to Peking to exploit Sino-Soviet tensions. We have consistently explained to all parties that we will not attempt to do so because it would be self-defeating and dangerous. We did not create the differences between the two Communist powers. They disagree over the proper interpretation of

Communist philosophy, a subject in which we have no competence and little interest. And they dispute the lines of their common border, which can hardly be susceptible to our manipulation. In any event we will try to have better relations with both countries. In pursuing this objective we will conduct our diplomacy with both honesty and frankness.

The Journey to Peking

The record of the past three years illustrates that reality, not sentimentality, has led to my journey. And reality will shape the future of our relations.

I go to Peking without illusions. But I go nevertheless committed to the improvement of relations between our two countries, for the sake of our two peoples and the people of the world. The course we and the Chinese have chosen has been produced by conviction, not by personalities or the prospect of tactical gains. We shall deal with the Peoples Republic of China:

- Confident that a peaceful and prospering China is in our own national interest;
- Recognizing that the talents and achievements of its people must be given their appropriate reflection in world affairs;
- Assured that peace in Asia and the fullest measure of progress and stability in Asia and in the world require China's positive contribution;
- Knowing that, like the United States, the Peoples Republic of China will not sacrifice its principles;
- Convinced that we can construct a permanent relationship with China only if we are reliable—in our relations with our friends as well as with China;
- Assuming that the Peoples Republic of China will shape its policy toward us with a reciprocal attitude.

These principles will guide my approach to my forthcoming conversations with Chairman Mao Tse-tung and Premier Chou En-lai. The tenor of these discussions and of our future relations, of course, does not depend on us alone. It will require a mutual understanding of perspectives and a mutual willingness to combine a principled approach with a respect for each other's interests.

At this point in history we need talks at the highest level. Eighteen years of desultory ambassadorial discussions in Geneva and Warsaw demonstrated that subsidiary problems could not be cleared away at lower levels. Authoritative exchanges between our leaders, however, now hold

hope of genuine communication across the gulf and the setting of a new direction.

The trip to Peking is not an end in itself but the launching of a process. The historic significance of this journey lies beyond whatever formal understandings we might reach. We are talking at last. We are meeting as equals. A prominent feature of the postwar landscape will be changed. At the highest level we will close one chapter and see whether we can begin writing a new one.

Both sides can be expected to state their principles and their views with complete frankness. We will each know clearly where the other stands on the issues that divide us. We will look for ways to begin reducing our differences. We will attempt to find some common ground on which to build a more constructive relationship.

If we can accomplish these objectives, we will have made a solid beginning.

Over the longer term, we will see whether two countries—whose histories and cultures are completely different, whose recent isolation has been total, whose ideologies clash, and whose visions of the future collide—can nevertheless move from antagonism to communication to understanding.

On January 20, 1969 in my Inaugural Address, I defined our approach toward all potential adversaries:

“After a period of confrontation, we are entering an era of negotiation.

“Let all nations know that during this Administration our lines of communication will be open.

“We seek an open world—open to ideas, open to the exchange of goods and people—a world in which no people, great or small, will live in angry isolation.

“We cannot expect to make everyone our friend, but we can try to make no one our enemy.”

When I spoke those lines, I had the Peoples Republic of China very much in mind. It is this attitude that shaped our policy from the outset and led to the July 15, 1971 announcement. It is in this spirit that I go to Peking.

EUROPE AND THE ATLANTIC ALLIANCE

"As Britain goes into Europe, there will be a new Europe. The United States is, at the present time, embarked on creating what is the fast changing events in the world, we live in a new world. It is essential that the new Europe and the new America, together with the other nations in the world . . . work together."

Remarks following Meetings with
Prime Minister Heath in Bermuda
December 21, 1971

In 1971, several of the fundamental goals of United States policy in Europe came measurably closer.

- The unification of Western Europe made a major advance, as the decisive steps were taken last year toward the membership of Britain, Ireland, Denmark, and Norway in the European Community.
- The major Atlantic nations and Japan reached agreement in December on a realignment of exchange rates. This laid the ground for new international monetary arrangements reflecting a more balanced long term relationship between the U.S. and its economically strong partners.
- Our allies strengthened their force contribution to the common defense and took up a greater share of the collective burden.
- The Four Powers reached an agreement on Berlin, designed to end the perennial postwar crises over the city and to improve the situation of the brave people of West Berlin in concrete ways.
- The prospect arose, for the first time, of concrete discussions with the East on other unresolved issues of security and cooperation in all of Europe.
- The new, more mature political relationship between the United States and its partners was symbolized by my unprecedented series of summit meetings with Alliance leaders at the end of the year.

The flourishing of the Atlantic world, the security of the Atlantic Alliance, and the relaxation of East-West tension have been the broad purposes of United States policy in Europe for 27 years. I came into office at an historical turning point, when new conditions emerging in Europe

offered unique opportunities for progress toward these goals. In three years, much of this promise has been fulfilled. The accomplishments of 1971 were breakthroughs.

European Unity and Atlantic Partnership

When Great Britain, Ireland, Norway, and Denmark signed the treaty enlarging the European Community on January 22, I issued a strong statement welcoming it and emphatically reaffirming our traditional support for the advancement of European unity. In two previous Foreign Policy Reports, I expressed this support in similarly categorical terms—but I also pointed to the problems which European integration implied for the United States and for our political and economic relations with our allies across the Atlantic. The events of the past year have now brought these problems dramatically to the fore.

In the 1940's and into the 1950's, Western Europe was prostrate—politically, economically, and militarily. The United States, preeminent in the world, had only just emerged from its isolationist tradition. In this environment, our allies shifted the responsibility for major decisions to us. In their eyes, the overriding purpose of the new arrangements—for defense, economic policy, and foreign policy—was to link us to Europe in tangible ways on a long term peacetime basis. They therefore deferred to our prescriptions and welcomed our lead—even on formulas for European integration.

Both to us and to them the advantages of European unification were unambiguous. It would help dispel the internecine hatreds of the recent past; it would maximize the effectiveness of U.S. assistance; it would hasten Western Europe's political and economic recovery and thereby enhance its security. These were common interests, and no inconsistency was seen between European unity and broader Atlantic unity. Cooperation came so easily that it was widely assumed for years in the United States that a strong and united Europe would readily take up a large part of the American burden, while still accepting American leadership.

But a self-respecting nation or group of nations will take up a burden only if it sees it as its own burden. By the 1960's Europe was in a position to do more for itself and for the Alliance. Nevertheless, old habits on both sides of the Atlantic persisted and inhibited the development of a more balanced relationship.

—Their economies thriving, their social cohesion and institutions restored, our allies were acting more and more self-confidently and independently on the world stage. The United States continued to lead

in tutelary fashion, however, looking for allied endorsement of U.S. prescriptions.

—Our allies fluctuated between taking the U.S. commitment to Europe for granted, and panicking at the thought of U.S. withdrawal. We would not withdraw from Europe. But the Atlantic community was *their* community, too: all allies had to feel a stake in and responsibility for the achievement of common purposes.

As Prime Minister Heath has stated, four new members will now be joining with others in Europe “to work out the common European policies . . . governing our dealings with the rest of the world, our trade, our finance and eventually our defense.” A Western European summit meeting may be held in the coming year, giving further impetus and direction to the emerging European identity. This will mark a striking change in political as well as economic relations across the Atlantic.

The United States is realistic. This change means the end of American tutelage and the end of the era of automatic unity. But discord is not inevitable either. The challenge to our maturity and political skill is to establish a new practice in Atlantic unity—finding common ground in a consensus of independent policies instead of in deference to American prescriptions.

This essential harmony of our purposes is the enduring link between a uniting Europe and the United States. This is why we have always favored European unity and why we welcome its growth not only in geographical area but also into new spheres of policy.

We continue to feel that political and defense cooperation within Europe will be the fulfillment of European unity. European and American interests in defense and East-West diplomacy are fundamentally parallel and give sufficient incentive for coordinating independent policies. Two strong powers in the West would add flexibility to Western diplomacy, and could increasingly share the responsibilities of decision.

Competitive habits within the Atlantic world are most natural in the economic sphere—precisely the field in which integration in Europe has come first. While reduction of trade barriers is a major goal of the Community, this has progressed more rapidly within the Community than between it and the outside world. So far, in practice, protection of certain special interests within Europe has been a major concern in the Community's collective decisions; this is the easiest course for an economic union that has yet to develop the political unity needed to make hard decisions taking account of interests outside the Community. As this political will develops, it will facilitate cooperation in the wider Atlantic relationship.

Europe's economic recovery has, of course, been of enormous benefit to U.S. trade. But it means, also, that the postwar economic imbalance across the Atlantic has been redressed. We now face the additional prospect of a 10-nation European Community—a giant concentration of economic power—with a common external tariff and an expanding network of preferential trading arrangements with other countries in Europe, Africa, and Asia. This cannot fail to have an impact on the trading position of the United States.

There is only one constructive solution: to face up to the political necessity of accommodating conflicting economic interests. In the post-war period this came easily; today, it will come only with effort. Inertia, which may seem comfortable to one side, will only lead to strains in our relations. We must both keep our eyes on our fundamental shared interest in freer and expanded trade across the Atlantic, a foundation of our mutual prosperity. Last June, under the leadership of Secretary Rogers, the leading industrialized nations in the OECD embarked on a major collective effort to address the many trade and related issues. This will require determined statesmanship and hard political decisions. We are prepared.

The 1971 international economic crisis was a facet of the same problem, and an example of how cooperation can work. Twenty years had eroded the predominance of the U.S. economy and U.S. dollar upon which the trading and monetary system had been built. In new conditions, the system was structurally unsound. In two previous Foreign Policy Reports and in many forums I called for basic reform. Progress was slow. Then last August, we faced an emergency; I acted decisively to put our own house in order and to turn the crisis into an opportunity for the West to put the international monetary house in order as well. We brought home to our partners that we were serious.

There were temptations for the United States then to make separate bilateral arrangements with selected countries in order to bring pressure on our other trading partners for a solution most economically advantageous to us. However, the political unity of the Atlantic world was of paramount importance to the United States, and we had to reach a solution in a manner that fostered it.

My summit meetings with allied leaders in December and January laid the political basis for a broad cooperative solution. I was able to assure Prime Minister Trudeau of Canada—our most important trading partner—that we understood the strong impact of our New Economic Policy on Canada and were eager to reinforce our close friendship with Canada. I then made an approach to the ally whose views on the eco-

nomic question differed most from ours—President Pompidou of France. Our meeting at the Azores produced an agreement in principle on major points, which opened the way for the multilateral consensus achieved in December at the Smithsonian meeting of the Group of Ten. This development is discussed in greater detail in the International Economic Policy chapter.

There were important concessions on all sides; the result was a tremendous gain for the whole free world.

Alliance Defense

Western collective defense in Europe has deterred war for more than two decades and provided the essential condition of security in which free European institutions could revive and flourish. Today, the military balance underpins the overall stability on the Continent which makes detente feasible in the 1970's. East-West diplomacy in Europe is more active today than at any time since the Second World War; new hopes and new complexities are emerging. This is hardly the time for the West to abandon the very cohesion and stability that have brought these new opportunities about.

But this makes it more, not less, important for the Alliance to face up to the basic security question confronting it: do we have a clear rationale for our force deployments today, or are they the vestige of military and political conditions of two decades ago?

NATO Strategy and Forces. The function of our military forces is to deter war—and to defend our nations if war breaks out. As strategic conditions change, we have to ensure that our strategies and deployments fulfill these functions in the new environment. The Alliance conducted such a review in 1970. Together we asked some basic questions:

- What military threats were most likely in the 1970's?
- What military strategy would be most likely to deter aggressive actions and provide forces for a viable defense?
- What relationship between strategic nuclear, theater nuclear, and conventional forces would best support our strategy?
- How should the responsibilities of decision and effort be shared within the Alliance?
- What specific improvements in our force posture were required to make it effective for our strategy?

From our review, we concluded that for the foreseeable future a major war in Europe was unlikely. But it was evident that Europe was still prone to crises as long as East-West political issues were unresolved, and

that the confrontation of opposing forces raised a risk of conflict unless NATO's forces were clearly sufficient to deter and defend. Soviet military power in Europe had grown, not diminished, over the decade, and was now being projected beyond the Soviet periphery into the Mediterranean, the North Atlantic, and elsewhere.

In an era of strategic balance between the U.S. and USSR, the more plausible threats were those below the threshold of strategic nuclear war. The Alliance therefore reaffirmed its consensus that it needed a flexible strategy, resting on the deployment of appropriate forward defenses. We could not afford to be dependent solely upon conventional forces, because these might be inadequate to prevent defeat of our armies or loss of territory. Sole reliance upon early resort to nuclear weapons, on the other hand, would leave us no option between capitulation and risking all-out mutual destruction.

Twenty years ago, ironically, when our conventional forces returned to Europe in strength, the U.S. enjoyed a nuclear monopoly and had perhaps less military need of a massive conventional presence. Today, when we no longer have this unilateral nuclear advantage, a NATO conventional option is needed as never before. The nuclear forces of the United States, supplemented by the nuclear forces of our allies, remain the backbone of our deterrent. But in today's strategic conditions, our willingness to defend ourselves is made most credible by our willingness and ability to resist at every level of force or threat of force.

Our Alliance review also determined that improvements in NATO's ground, air, and naval forces and logistical infrastructure were essential to maintain the balance with the Warsaw Pact's theater forces. Our European allies, on their own initiative, have launched high-priority programs to make some of the specific improvements required:

- For example, Warsaw Pact strength in Central Europe rests primarily on a superiority in tanks. Our allies plan to add more than 1,100 new main battle tanks and 700 medium-range anti-tank weapons in 1971 and 1972, and an additional 600 tanks and more than 8,500 anti-tank weapons in coming years.
- Additional European programs will contribute more than 300 self-propelled heavy artillery pieces, 600 other combat vehicles, over 400 modern combat aircraft and helicopters, and 20 ships in 1971-72, and an additional 3,500 combat vehicles, over 500 modern combat aircraft and helicopters, and 53 ships in the future.

NATO's Nuclear Planning Group has made important progress in its review of key questions of nuclear doctrine. Some doctrinal issues have required reexamination in the light of new strategic conditions; a

joint and better Alliance understanding of the complexities inherent in nuclear defense now permits the refinement of other elements of our doctrine. Our review will continue. These are difficult and crucial issues, on which there are some divergences of view. We will not impose our view, but doctrines cannot be improvised in times of crisis and left to chance. An allied consensus is needed, and achievable.

U.S. Forces in Europe. It is proper for the Congress to examine whether U.S. troop deployments in Europe have a rational basis that justifies their cost. No number has merit in the abstract; our force level is essential for the support of the agreed defense strategy that maintains our cohesion and the stable military balance in contemporary conditions. To undermine either for budgetary reasons would be false economy and foolish policy.

Therefore, given the existing strategic balance and a similar effort by our allies, it is the policy of this Government to maintain and improve our forces in Europe and not reduce them except through reciprocal reductions negotiated with the Warsaw Pact. With such mutual reduction now on the agenda of East-West diplomacy, this is precisely the moment *not* to make unilateral cuts in our strength.

Moreover, major unilateral reductions by the United States would upset the balance of conventional forces in Central Europe and leave NATO with no options in a crisis other than capitulation or immediate resort to nuclear weapons. This would undermine the strategy that the Alliance has accepted as the most rational for the contemporary military balance. American forces should not be reduced to the role of a hostage, triggering automatic use of nuclear weapons, at the very time when the strategic equation makes such a strategy less and less plausible.

If the U.S. did not carry *its* crucial share of the common burden, there would be no prospect of our allies' making up the difference. Not only would they lose confidence in our pledges; they would lose confidence in the very possibility of Western European defense. Our allies would feel themselves increasingly alone. Atlantic cohesion would weaken. In the shadow of Soviet power, Western Europe would be drawn, against its will, away from its Alliance ties.

Thus, in the absence of a negotiated mutual reduction, the Soviet Union has little incentive to reciprocate a U.S. withdrawal. Soviet troops are not deployed in Europe just to match ours. They secure Soviet hegemony over Eastern Europe; most importantly, perhaps, they embody the Soviet Union's permanent presence as a power in the European sphere. The Soviet Union would be unlikely to forgo the political advan-

tage it would gain if Western military power in Europe weakened unilaterally.

Steps to relax tensions in Europe, in my view, must be steps which increase security, not insecurity.

As Chancellor Brandt has pointed out emphatically on several occasions, Western cohesion underpinned by the visible and substantial commitment of American power in Europe is the essential condition that makes efforts at detente possible today. With East-West diplomacy more complex and relationships more fluid than ever before in 20 years, unilateral American withdrawals from Europe would undermine stability. Today's conditions, not those of 20 years ago, make America's strength in Europe absolutely essential. I therefore intend to maintain it.

Sharing the Defense Burden. The Alliance's 1970 strategic review brought the rationale of our defense efforts into clear focus and brought home to every ally its own strong interest in the success of the common strategy. A significant result has been an increase in burden sharing.

- In December 1970, our allies' European Defense Improvement Program committed an additional \$1 billion to modernizing NATO communications, accelerating construction of shelters for NATO aircraft, and improving their own national forces.
- In December 1971, they announced further increases of about \$1 billion to their defense contribution in 1972. This took the form of the significant additions to the Alliance's armory of tanks, anti-tank weapons, artillery, combat aircraft, helicopters, and ships, as described above.

Another aspect of the burden sharing problem—the balance of payments costs of U.S. forces in Europe—has not yet been solved. Our payments deficits attributable to our defense commitments distort both the international monetary system and our military planning. A substantial portion of our NATO expenditures in local currency is offset by financial arrangements with the Federal Republic of Germany, where most of our forces are concentrated; the new agreement for 1972-73 is for \$2 billion, including \$183 million for renovating facilities housing our forces. These agreements are testimony to cooperation. They are not a long term solution, however, and they strain Alliance relations each time they come up for renewal.

In this matter, we should work toward arrangements whereby the United States could maintain its forces in Europe with balance of payments consequences no different from those of maintaining the same forces in the United States. This would neutralize the balance of payments issue and allow the Alliance to plan its forces on security criteria.

East-West Relations in Europe

This Administration has regarded a resolution of the political issues dividing Europe as a paramount objective of our foreign policy. Three years ago, East-West relations were virtually frozen. Relatively few East-West negotiations were taking place; little or no progress had been made in addressing the major issues. A slight improvement in the atmosphere of relations in 1967–68 was quickly dispelled by the invasion of Czechoslovakia. There was no firm basis for movement toward detente.

Some of our allies were pursuing detente in bilateral contacts with the East, but it was clear that most bilateral questions were part of a wider web of European security issues. The Soviet Union could not be given the opportunity to offer selective detente, smoothing relations with some Western nations but not others.

Thus, Western cohesion must be the bedrock of our pursuit of detente. We and our allies have a responsibility to consult together in sufficient depth to ensure that our efforts are complementary and that our priorities and broad purposes are essentially the same.

There are bilateral negotiations between the U.S. and USSR—SALT and my forthcoming summit, for example. But, as I have stressed since I came into office, coordination with our allies is an essential precondition of bilateral U.S.-Soviet negotiations which affect their interests. On SALT, we have consulted scrupulously with our allies at every stage. After the announcement of the Moscow and Peking summits, my summit meetings with allied leaders ensured the harmony of our diplomacy in advance of these trips. Our allies have no veto over U.S. policy, just as we have no veto over theirs, but I was able to reassure them that I would be making no agreements at their expense.

Another principle I have long emphasized is that detente will not come about except through negotiation on concrete problems. A cordial atmosphere is not enough. Political conflicts left unresolved would inevitably flare up again to poison it. As I said at the 20th anniversary meeting of the North Atlantic Alliance in April 1969: “It is not enough to talk of European security in the abstract. We must know the elements of insecurity and how to remove them.”

We allies have therefore addressed the main issues of East-West relations in Europe.

- The Alliance proposed that the prospects for detente could be radically improved if we could alleviate the tensions surrounding Berlin—a focus of perennial crisis since 1948.
- We agreed that a more constructive Soviet-American relationship was an integral part of a relaxation of European tension; thus

the U.S. began negotiations on SALT, against a background of close allied consultation.

- NATO again proposed negotiation on mutual balanced force reductions in Europe, and began the careful and vital preparatory work of analyzing the issues involved.
- The Alliance consulted on whether and how a comprehensive European conference, as proposed by the Warsaw Pact, could be used as a forum for constructively addressing the substantive problems of European security.

Germany and Berlin. Previous periods of European detente proved illusory either because nations failed to deal with the central questions of the division of Germany and Berlin, or because the attempts to deal with them created further stalemate and confrontation. If a relaxation of tension was to come about in the 1970's—and I was convinced it could—it would be tested in new efforts to address these issues. On my visit to West Berlin in February 1969, therefore, I called for an end to the tensions over Berlin. Chancellor Brandt has proposed to normalize his country's relations with its Eastern neighbors through new treaty relationships.

It was for the West German government in the first instance to work out an approach to the German national problem. At the same time, issues related to the division of Germany were of natural and direct concern to all European powers; the U.S., the U.K., France, and the USSR, in particular, have special rights and responsibilities regarding Berlin. The two key problems—West Germany's relations with its Eastern neighbors and the Four-Power relationship in Berlin—were thus related organically. The Soviet-German treaty of 1970 could not in itself normalize the situation in Central Europe if Berlin were ignored.

The Berlin negotiators faced a tangle of two decades' accumulation of conflicting legal arguments, administrative practices, and political and economic interests. The ideal solution—reunification of Berlin—was not feasible. On the other hand, it was unacceptable to us to treat West Berlin as a separate political entity deprived of its natural ties to the Federal Republic or the security guarantee of the three Western powers.

The parties broke through the impasse in 1971 by putting aside the arguments over the political or juridical status of the city and concentrating instead on new practical arrangements to improve conditions for West Berliners and remove specific irritants. The Four-Power agreement on Berlin, signed on September 3, 1971, was a milestone achievement.

- The Soviet guarantee of unimpeded and preferential civilian traffic

between the Western sectors of Berlin and the Federal Republic is a central fact of the agreement and a major improvement.

- There is no change in the legal status of the Western sectors of Berlin: they remain under the authority of the three powers, who share with the USSR responsibility for the city as a whole, and they continue, as in the past, not to be regarded as a constituent part of the Federal Republic. At the same time, the Soviet Union has formally accepted that the vital ties between West Berlin and the Federal Republic will be maintained and developed.
- The Soviet Union has accepted that communications between West Berlin and East Berlin and the German Democratic Republic, and West Berliners' visiting rights, will be improved. It has further been agreed that, where the security and status of the city are not involved, the Federal Republic may represent the Western sectors of Berlin abroad and that international agreements and arrangements entered into by the Federal Republic may be extended to the Western sectors.
- The three Western allies have authorized the establishment of a Soviet Consulate General and additional Soviet commercial offices in the Western sectors, accredited to the appropriate authorities of the three Western powers. No change in Berlin's status is implied; the Soviet presence in the Western sectors will still be subject to allied authority.

Conference on Security and Cooperation in Europe. When the Berlin accord comes into force with the signing of the final Four-Power protocol, this will unlock a diplomatic process. A Berlin agreement, in the view of the Western powers, is a prerequisite to any broader European negotiation: it could smooth the way toward possible accommodations on other European security issues, which are all affected by the Berlin situation; it would also imply a willingness on the Soviet side to reach concrete settlements.

A question now facing the West is the Soviet proposal of a conference of all European countries, plus the United States and Canada, to discuss security and cooperation in Europe.

If such a conference is carefully prepared and will address substantive issues, the United States favors it. It is in the long term interest of the Soviet Union, too, I believe, that a conference be used productively in this way and not be merely a forum for speeches and friendly atmosphere. It is essential that we have a clear picture of what issues a conference can address and what concrete contribution to security it can make.

We therefore intend to discuss the relevant issues of European security and cooperation fully with our allies, and to develop coordinated

Western positions. Then, if the Berlin accord has already been consummated, we will be prepared to move to multilateral exploratory talks with other prospective participants.

The conference as defined by the Warsaw Pact would address two subjects: a joint declaration against the use or threat of force, and an agreement to expand cooperation in scientific, cultural, and economic areas.

The mere atmosphere of detente, in our view, is insufficient—not only because this is not durable, but also because it is difficult to evaluate measures proposed in the name of so vague an objective. Moreover, general declarations open to major disputes over interpretation are of illusory benefit, and possibly even dangerous. It is not enough to agree on cooperation in the abstract. How will cooperation be implemented in practice? Will it include freer intercourse among the European peoples, East and West? How would a conference promote economic relations other than through existing institutions and means?

Real progress, in short, requires pursuing detente in ways that will make it real and lasting, even though this may take more time and more effort.

Mutual and Balanced Force Reductions (MBFR). NATO first proposed mutual and balanced force reductions in the summer of 1968. When I took office in 1969, I found the Alliance in need of fuller preparation and analysis of the technical and political complexities involved.

Before we negotiate, we have to be clear about the rationale for mutual reductions. Some see it as a response to domestic budgetary pressures in the U.S. for unilateral reductions; some support it as a substitute for a Conference on European Security; others seek an accord on MBFR as a demonstration of political detente.

None of these approaches helps us answer the principal question: What kind of MBFR agreement do we want? We are dealing here with the heart of the security problem in Europe; we therefore have no responsible choice but to judge an agreement by the criterion of undiminished security. In this way, we truly contribute to detente. There would be little value in token reductions that have no military significance, or in an MBFR agreement that only magnifies insecurity. We must do the hard work of finding formulas that offer real and fair reductions.

Our analyses within the U.S. Government, which we are now sharing with our allies, are described in the Arms Control chapter of this Report. The Alliance will work through this preparation together. There will be no bilateral negotiation on MBFR between the U.S. and USSR.

Relations With Eastern Europe. The joint statement after my

meeting with President Tito in Washington on October 30, 1971 declared our strong belief that "a firm peace and true security are indivisible and can be attained only in Europe as a whole, and not in only one or another part of it."

Through most of the postwar period, relations between Eastern and Western Europe were limited. Relationships with Eastern Europe were inhibited by our conflicts with the USSR. This was unnatural. The nations of Europe have long-standing political, economic and cultural ties with each other.

As the forces of change have begun to loosen postwar political rigidities, new expectations and aspirations have arisen in both Western and Eastern Europe. The benefits of relaxation must extend to both. The Soviet Union has a right to its own security. But neither a durable peace nor an era of cooperation in Europe can be built on principles that divide the continent and violate the sovereignty of its nations and the freedom of its peoples.

Our approach is based on these general principles:

- Every nation in Europe has the sovereign right to conduct independent policies and therefore to be our friend without being anyone else's enemy.
- The use or threat of force by the Soviet Union in Eastern Europe can only lead to European crises. It is therefore incompatible with detente in Europe and detente in U.S.-Soviet relations.
- We do not want to complicate the difficulties of East European nations' relations with their allies; nevertheless there are ample opportunities for economic, technical, and cultural cooperation on the basis of reciprocity. The Eastern European countries themselves can determine the pace and scope of their developing relations with the United States.

We have demonstrated these principles in new constructive relationships between the United States and Eastern Europe. I was the first American President ever to visit Romania and Yugoslavia. We base our ties with both these countries on mutual respect, independence, and sovereign equality. We share the belief that this should be the basis of relations between nations regardless of divergence or similarity in social, economic, or political systems:

- Our relations with non-aligned Yugoslavia are a factor for peace and stability in Europe, the Mediterranean, and the Middle East. In 1971, President Tito made his first State visit to the United States. We resolved to continue our high-level exchanges and to broaden the scope of our economic relations.

- We are supporting legislation to grant Most Favored Nation tariff treatment to **Romania**. Our Export-Import Bank credits and Romania's new membership in GATT will facilitate our economic relations.
- Our first exchange of cabinet-level visits with **Poland** took Secretaries Volpe and Stans to Warsaw and brought Polish Science Minister Kaczmarek to Washington. Postmaster General Blount visited **Hungary**, as part of our developing contacts.
- Our trade with Eastern Europe since 1968 has substantially increased, and we expect it to continue to grow. Trade provides a material foundation for further development of normal relations.

Issues for the Future

Intellectually and culturally, the winds are blowing from the West in Europe. Western economic and political institutions are flourishing. Western libertarian values are revered perhaps more strongly in the East where they are suppressed than in the West where they are taken for granted.

The historic duty of the leaders of the Western Alliance is to preserve the conditions that underpin our successes. The past year has shown us the hopeful prospects for the future—the strengthening of European unity, new economic arrangements, the resolution of East-West issues, a new mature political relationship among us. If we allow the independent vigor of our separate states to pull us apart, if we neglect the prerequisites of security that have sustained us and kept the peace for 27 years, if we pursue illusory forms of detente instead of the substance—then the coming decade will bring new dangers instead of new triumphs.

With our partners we face specific tasks, building on what we have achieved:

- To face squarely the economic issues between a 10-nation European Community and the United States;
- To carry through, vigorously and cooperatively, the reform of the international monetary and trading system;
- To intensify our efforts in NATO's Committee on the Challenges of Modern Society and bring other nations into a joint attack on the environmental and social problems of the modern world;
- To finish the job of making the force improvements and equitable sharing arrangements that will sustain our common defense;
- To draw upon our unity and security to engage the East in the building of a broader structure of reconciliation and peace in all of Europe.

JAPAN

"My Administration shares with the Government of Japan the conviction that our relationship is vital to the kind of world we both want. We are determined to act accordingly. But the future will require adjustments in the U.S.-Japanese relationship, and the issues involved are too important and their solutions too complicated to be viewed with any complacency on either side."

U.S. Foreign Policy for the 1970's
Report to the Congress
February 25, 1971

Japan is our most important ally in Asia. It is our second greatest trading partner. It is an essential participant, if a stable world peace is to be built. Our security, our prosperity, and our global policies are therefore intimately and inextricably linked to the U.S.-Japanese relationship. The well-being of both countries requires cooperation and a shared commitment to the same fundamental goals.

Last year was critical for our relationship. It was a year both of stress and of progress. It brought a sharp awareness of the divergence of some of our interests—and in its wake, a better understanding of the need for the mature and equitable management of those divergences.

Our China and economic initiatives were a shock to the U.S.-Japanese relationship. Both grew out of the new realities of a changed world situation. For precisely that reason, they had an unsettling effect upon Japan, which had become accustomed to a U.S.-Japanese relationship rooted in the postwar period and based on a bipolar concept of world power. That relationship, however, had already been overtaken by time and Japan's phenomenal economic growth. The shocks of 1971, therefore, only accelerated an evolution in U.S.-Japanese relations that was in any event, overdue, unavoidable, and in the long run, desirable.

The U.S.-Japanese relationship is in the process of inevitable change, not because the alliance of the past decades has failed, but because it has succeeded.

—Asian stability was bolstered by our pledge to work together in the common defense. Our defense postures together provided the fabric of Japan's security, while our forward basing in the area contributed to regional defense.

—Asian development was symbolized by Japan's economic resurgence and encouraged by our fruitful economic links. As Japan gained in strength, our parallel development assistance efforts nourished a broader regional advance.

—Asian political freedoms were strengthened by the process of Japan's recovery under a democratic system of government. The health of political ties between our democracies served as an example to the democratic experiment elsewhere in Asia.

This relationship stands out as a major success of American postwar diplomacy. Its purpose was to provide the sustenance and security which Japan required for economic and psychological recovery from the trauma of World War II. That recovery is complete.

In a remarkable display of disciplined energy, the Japanese people have again placed their nation firmly in the front rank of international powers. Our relationship now requires greater reciprocity.

Japan's history reinforces the inevitability of this change. For it testifies eloquently to Japan's national pride and capacity to respond to changing conditions in its external surroundings. As an island power, Japan's participation in broad regional or global alliances has traditionally been limited and intermittent. As its recovery proceeded, it was certain that Japan would play a more autonomous role in world affairs. In retrospect, the last two decades will be seen as a transitional period in which Japan, while relying on U.S. economic support and military protection, reestablished its inner cohesion as a society, and defined a more independent national role for itself. That is as it should be.

By 1969, the cumulative strains imposed on the U.S.-Japanese relationship were considerable and evident.

—We needed to face the political and psychological implications of Japan's growing strength and pride. The Japanese island of Okinawa had been under American administration for more than 25 years. Okinawa's status would disrupt and embitter the U.S.-Japanese friendship unless it were changed to reflect the new realities.

—We needed to adjust our economic relations to reflect the fact that Japan had become the world's third greatest industrial power. Japan provided the largest overseas market for American goods as well as formidable competition to us in both our domestic and world markets. Japan also benefited greatly from the liberal trade policies of the United States. But Japan's insistence on restricting its own markets contributed to a growing imbalance in our trade, and was an

- anachronism, inconsistent with its economic strength and symbolizing a lack of economic reciprocity which could not be long sustained.
- We both needed to bring into better balance our contributions to Asian development. Japan's political cohesion and economic prowess gave it the capacity to make a major contribution—and its commerce and investments in Asia gave Japan a clear interest in the region's stability.
- Signs that China was moving toward more constructive contacts with other nations would impel the issue of China policy to the fore for both countries. Eventually, we would have to face the problem of harmonizing our changing national perspectives towards China.
- Japan had long since acquired the industrial and technological strength to assume responsibility for its own conventional defense. However, Japan continued to rely on American nuclear power for strategic security. It was, moreover, prevented by constitutional, political, and psychological factors, and by the attitudes of its Asian neighbors, from projecting military power beyond its own borders. Thus the Mutual Security Treaty continued to serve Japan's interests, as well as our own. Still it was clear that changes would come in our defense relationship as Japan regained its strength and pride.

We faced, then, not a desire for change but the dynamics of change. The question was not whether to maintain the partnership which had served us both so well. The question was how to inject into our relationship the characteristics of equality and reciprocity without which it could not be sustained.

We began with Okinawa. In November 1969, I met with Prime Minister Sato and we agreed on the broad principles which should govern the reversion of Okinawa to Japanese administration. The problems were many and difficult. Our military installations on Okinawa were central to the security shield which we helped provide to the free nations of East Asia, including Japan. The quarter-century of American administration had created a web of political and economic problems to resolve before reversion. But in 1971, our negotiations resulted in a treaty which terminated this last administrative vestige of the Second World War. We retain our military installations in Okinawa, but on the same basis as those in the Japanese home islands. Early this year, at Prime Minister Sato's request I agreed to speed up the final reversion. Thus, our recognition of Japan's needs for political self-assertion has enabled us to remove this long-standing irritant in our friendship.

Japan now plays a major and steadily increasing role in assisting other Asian nations with their development needs. After years of U.S. leader-

ship in this field we greatly welcome Japan's increasing contribution—which reflects Japan's realization that its own interests require it to participate in shaping the environment of Asia. Japan has pledged one percent of its gross national product to assisting less developed countries. That goal is already being approached, although we would hope to see a greater Japanese use of grants and concessional loans rather than commercial credits. The Japanese are playing a particularly prominent role in the Asian Development Bank and in the international groupings providing assistance to Indonesia and the Philippines.

Japan is developing plans to strengthen its conventional defense capabilities over the next few years. This is a reflection of heightened Japanese self-reliance and readiness to assume greater responsibilities. This welcome trend has been accompanied by a consolidation of our own military facilities and a reduction of our forces in both Japan and Okinawa.

There has, therefore, been steady progress in recent years in the assumption by Japan of a role in world affairs more consistent with its power. However, there has been less progress in reshaping our bilateral relations along more reciprocal lines. Until this year, the Japanese still tended to consider that their dependence upon us limited independent political initiatives of our own, while their political problems commended some independence of initiative on their part. Similarly, in our economic relationship, it was evident that Japan, like our European allies, tended to take our commitment to a liberal trading system for granted without extending equivalent access to its own market.

Both these attitudes were understandable. But both stood in the way of the necessary task of creating a more mature basis for the continuation of U.S.-Japanese cooperation. In 1971, both also proved to be incorrect.

I knew that the July 15 announcement of my forthcoming visit to Peking would have a profound impact on Japan. It brought China policy and Japan's own future role in a changing Asia abruptly to the forefront of our relationship. The issue of China policy is, if anything, even more important for Japan than for the United States. Geography, culture, history, and trade potential make it a central issue in Japanese domestic politics as well as a key aspect of Japan's foreign policy. On a matter of such intrinsic importance, Japan could not fail to be disturbed at any implication that our policies, which had been so closely aligned, were diverging.

It was also clear, however, that we shared a fundamental interest in improved relations with China. We both have an enormous stake in ending the era of confrontation in Asia. Japan is already China's largest trading associate, and for some time has had not only economic ties but trade representation in the Peoples Republic of China.

The issue between us, then, is not whether the opening to China is desirable—but the need to harmonize our sometimes differing perspectives and interests in a common strategic conception and a shared overall goal.

For our part, we have made it clear that our aim in Peking is to establish a better mutual understanding of one another's policies. We will not seek or discuss bilateral arrangements that could adversely affect the interests of our allies. We have no interest in arrangements which would sacrifice our friendship with a long-standing ally to the need for better communication with a long-standing adversary.

Therefore, there is no cause for either Japan or the United States to feel a lack of trust concerning our parallel policies toward China. In the chapter of this Report concerning China we have set forth the reasons why it was impossible for us to consult with our allies prior to the public announcement of the Peking visit. We have since that time consulted very widely. We have made particular efforts to assure Japan of the basic harmony which clearly exists between a lessening of Asian tensions and the health of the U.S.-Japanese friendship.

My recent meeting with Prime Minister Sato at San Clemente permitted the full review of our policies and purposes and was an integral part of my preparation for the talks in Peking.

We are not on a divergent course, and autonomous policies need not create strains in our relationship so long as we both recognize the need to mesh those policies. Both the autonomy and the basic harmony of our actions are implicit and essential elements in the new relationship of equality and reciprocity which we seek with Japan. We are not involved—and must not become involved—in a competitive race toward accommodation. But in a changing world, we are both concerned with the removal of old animosities. Our alliance must now serve as the firm foundation of a stable Asia upon which both of us can confidently seek a more balanced and productive relationship with our adversaries.

Last year also brought an economic shock to the U.S.-Japanese relationship. In last year's Report, I expressed satisfaction that Japan recognized the need to liberalize its controls on imports and foreign investment, and confidence that in the months ahead we would be able to resolve our bilateral economic difficulties. Our experience in the first half of 1971, however, showed that progress would be slower than we had hoped. In the meantime, the need for greater reciprocity in our economic relationship became ever more urgent and necessary. By the middle of 1971, adjustments in our vast economic relationship had become a pressing requirement of U.S. national policy. They could no longer be delayed.

In the International Economic Policy chapter of this Report, I have

described the underlying problems inherent in world trading and monetary arrangements which had been created in an era of unchallenged U.S. economic superiority. The regained economic vigor of our allies had created unavoidable pressures for reform. To our allies, including Japan, the shortcomings in the existing system appeared less significant than the hazards of changing it. To the U.S., our deteriorating trade and payments situation left no choice but to take the steps necessary to bring about a multilateral settlement of outstanding issues. Our imbalances with Japan were by no means unique, but they did reflect the magnitude of our concern.

- By midyear, Japan's favorable trade balance with the U.S. had reached a rate double that of any earlier year, accounting for a significant measure of our payments problems and threatening further difficulties for our domestic economy.
- Impelled by an increasingly anachronistic exchange rate, Japan's soaring global trade surplus exceeded half a billion dollars each month from March to August. Substantial adjustment in the parity of the yen, set in 1949, seemed to us indispensable.

Our efforts to persuade our allies of the need for reform had been patient—and unfruitful. On August 15 we announced a series of unilateral measures. They were harsh, but they were required in order to establish the basis for a multilateral solution to what had become an intolerable problem.

We recognized that these measures would have a great impact on all of our major trading partners. We knew that the impact would be particularly strong in Japan, because of the dimensions of our commerce with each other and because of Japan's strong dependence on foreign trade. However, it was for precisely those reasons that we could no longer delay in working out together a more equitable monetary and trading relationship.

The past six months have brought substantial progress toward that goal. In December, a fundamental and general realignment of currency values took place, and Japan made a major contribution to that essential step. In a series of bilateral talks—particularly the September meeting of the Japan-United States Committee on Trade and Economic Affairs—progress was made toward reducing trade barriers. These discussions are continuing.

In October, we passed a milestone in our trade relations with Japan by the agreement to moderate—but still permit—the growth of Japanese synthetic textile sales in the U.S. market. This issue, which had important political and economic aspects in both of our countries, had

become a serious irritant in our relations. After many months of hard negotiations which admittedly had an adverse effect on the general atmosphere between us, the agreement of October 15 resolved this vexing issue.

Last year therefore dramatized for both Japan and the United States the two truths which must be recognized if our relationship is to continue to prosper. We have a need to adjust our relationship—and we have the ability to do it in a way that serves the interests of both of our countries. The future health of our friendship is not served by ignoring our differences. Nor is it served by expectations that either country will subordinate its interests in order to maintain an atmosphere of perfect amity. The continuity of our relationship is too important to both of us to permit such a concentration on its atmosphere rather than its substance.

We recognize that some of our actions during the past year placed the Japanese Government in a difficult position. We recognize that our actions have accelerated the Japanese trend toward more autonomous policies. We regret the former, but could not do otherwise. We welcome the latter as both inevitable and desirable—inevitable because it reflects the reality of Japanese strength in the 1970's—desirable because it is a necessary step in the transformation of our relationship to the more mature and reciprocal partnership required in the 1970's.

We intend that Japan shall remain our most important Asian ally. We expect that the future will bring an even greater degree of interdependence between us. We believe the vitality of our friendship and our cooperation in international matters is essential to the stable Asia we both require—and to the peaceful world we both seek.

These are the convictions which led me to travel to Alaska to welcome to American soil the Emperor and Empress of Japan on the first visit abroad of a reigning Japanese monarch. These are the convictions which underlie the extensive and unique network of official contacts which we have established between Japanese Government officials and our own. For example, in September we had a joint meeting in Washington of seven Japanese Cabinet officers and their American counterparts, for a very wide-ranging and authoritative examination of our relationship.

It was to ensure the harmony of our policies that Prime Minister Sato and I met in San Clemente in January. We reviewed all aspects of the events of the previous year, and examined the tasks which lie before us. I stressed that the adjustments we seek in our relationship demonstrate our recognition of Japan's new status—not doubts about the value of our alliance. On their part, Prime Minister Sato and his col-

leagues left me confident that they, too, consider a sound political relationship between us as essential to Japanese interests and to our shared goals in Asia and the world.

The process of adjustment will sometimes be arduous. But in 1971 we proved that it can be done by making the necessary adjustments in several of the most important issues on our agenda. The unjustified complacency of the recent past has been replaced with a greater awareness of the task which we both face. That fact constitutes a solid basis for renewed confidence in the future of U.S.-Japanese cooperation, with all that such cooperation promises for the mutual benefit of our two peoples, and for the world's hopes for a stable structure of peace and prosperity.

INTERNATIONAL ECONOMIC POLICY

"What has happened here is that the whole free world has won, because as a result of this agreement, we will have, from a financial and monetary standpoint, a more stable world."

Remarks Announcing the Monetary Agreement of the Group of Ten December 18, 1971

The year 1971 marked a turning point in the world economy. We undertook a series of far-reaching measures which revitalized our foreign economic policy and set the stage for fundamental and long term reforms in the international economic system.

The Setting for Change

In the immediate postwar period new arrangements and institutions to govern the international economic system were established. At that time the United States was the preeminent economic power in the world and assumed primary responsibility for the economic viability and security of much of the non-Communist world. We launched the Marshall Plan to help Europe get back on its feet. We assisted in the economic recovery of Japan. We encouraged European economic cooperation.

Along with other nations, we helped to establish the International Monetary Fund (IMF) to promote world monetary cooperation; the General Agreement on Tariffs and Trade (GATT) to create a code and a mechanism for the orderly conduct of international trade; and the World Bank to assist reconstruction in Europe and provide assistance to the less developed nations. These formed the institutional basis of an international economic system which promoted the expanding flow of commerce and resources needed to restore free world prosperity.

Since those institutions were established, the world economy has undergone major structural changes. Both the volume of commerce and the transfer of financial resources have increased greatly. The industrial capacities of Europe, Japan, and Canada have grown rapidly, and each is now a strong trading and financial power. These new realities needed to be reflected in both our foreign economic relationships and inter-

national institutions and arrangements. In 1971 our policies were directed at achieving that objective.

International Monetary Policy

After two decades of stability and progress, a series of crises beginning in the late 1960's had shown that the international monetary system could not cope adequately with the scale and severity of contemporary world monetary problems. In 1971 the situation reached critical proportions.

Monetary crises in May and August, and our deteriorating balance of payments position, convinced me that a major realignment of currencies and reform of the international monetary system were necessary. On August 15, I instituted a series of measures—including a suspension of dollar convertibility—which dramatically focused international attention and energies on achievement of these goals.

It is important to understand the circumstances that led to these decisions.

Developing Strain. At the Bretton Woods Conference in 1944, to help achieve our objective of rebuilding the free world through the expansion of trade and rapid economic reconstruction, we took the lead in the creation of a new international monetary system. We hoped that this system would avoid the restrictions and competitive devaluations which characterized the 1930's, and would enhance the ability of countries to rebuild their own economies. This system permitted parity adjustments, which were expected to be used when countries were in fundamental balance of payments disequilibrium. Exchange rate stability was to be enhanced by enabling countries to draw on a pool of currencies established in the IMF to supplement their own gold and foreign exchange reserves, and thus tide them over temporary or cyclical balance of payments difficulties. These alternatives were provided to enable countries to avoid having to depart from sound domestic economic policies or impose controls to correct balance of payments problems.

The Bretton Woods system, our assistance, and the strong efforts made by other nations to rebuild their economies helped to bring about a period of vigorous and sustained economic expansion. Our reconstruction assistance and persistent balance of payments deficits provided substantial liquidity to countries whose reserves had been depleted. Their holdings of both dollars and gold increased substantially. In the immediate post-war era this enabled many nations to support the large flow of imports required for their reconstruction.

In the 1960's, however, the international monetary system showed increasing strain. The persistent U.S. deficits, once unambiguously helpful to other countries as a source of liquid reserves, led to an increasing imbalance between U.S. liquid assets and liabilities. Eventually, doubts began to arise concerning the ability of the U.S. to maintain convertibility of the dollar into gold or other reserve assets. A supplementary source of reserves was clearly needed, and agreement was reached within the International Monetary Fund in 1969 to create an alternative source of international liquidity in the form of Special Drawing Rights (SDR's).

This reform did not, however, deal with other sources of stress. In the face of large and continuing balance of payments problems, countries were compelled to alter the value of their exchange rates, usually after long delay and in an atmosphere of crisis. Such adjustments were made with increased frequency in the late 1960's. They were necessarily large in magnitude, psychologically destabilizing, and politically disruptive in the adjusting country.

Furthermore, pressure to adjust did not apply equally to all countries. Those countries with a significant balance of payments surplus and undervalued currencies felt little pressure to revalue (increase the value of) their currencies. Indeed, they felt an incentive not to do so. Undervalued exchange rates enabled them to achieve the large trade surpluses which some considered desirable in order to enhance the rates of their domestic economic growth and employment and to protect their external financial positions. But countries with overvalued exchange rates eventually had to devalue to correct their balance of payments deficits and halt the drain on their reserves. Thus, devaluations were more frequent than revaluations.

The dollar, as the world's major reserve and transaction currency, was the linchpin of the international economic system. While other nations were free to change the value of their currencies in relation to the dollar, the U.S. played a passive role. During the 1960's, changes in the values of other currencies tended to push higher the average exchange value of the dollar. This aggravated a relative loss of American economic competitiveness as foreign countries completed their postwar reconstruction, achieved high levels of productivity, and proved extremely adept at developing export markets. Our domestic inflation in the late 1960's seriously accelerated this trend.

The key role of the dollar made it difficult to correct this situation through a devaluation, since the stability and liquidity of the system was based on the maintenance of a stable dollar. Even if we had wished to devalue in terms of gold, it would have had no effect on our balance of payments unless other nations agreed not to devalue as well.

These strains in the system led to a series of crises. In November 1967, following a major speculative assault on the pound, the United Kingdom and a number of other countries were forced to devalue. The subsequent crisis of confidence in currency markets engendered mass purchases of gold by speculators. The gold reserves of central banks were being drained until the introduction of the two-tier system in March, 1968 isolated private gold trading from international monetary transactions. From the spring of 1968, the franc was recurrently subject to speculative attack. France, along with the Franc Area, devalued in August of the following year. A major influx of currency into Germany led to revaluation of the mark in October 1969.

In 1970, although a major crisis was avoided, a decline in U.S. interest rates relative to rates in major European countries drove large amounts of dollars abroad and complicated European attempts to achieve domestic monetary stability.

The situation worsened in 1971. Accelerated monetary growth in this country and an outflow of short-term capital, accompanied by a deficit in our balance of trade, caused dollars to flow abroad in record amounts. As a result Europe and Japan took in billions of dollars. In May, Germany decided to float the mark. Speculation continued and extraordinarily large sums were traded in world currency markets.

The August 1971 Measures. By August, the situation was clearly no longer sustainable. Mainly due to a sharp deterioration in our trade position, the underlying payments position of the United States had turned sharply adverse. It was clear that the dollar was overvalued, while the currencies of certain of our trading partners were manifestly undervalued. Our remaining reserves were being seriously depleted, and the amount of dollars held by foreign central banks rapidly increased. Intense speculation was shaking the foundations of the international monetary system.

If we had permitted this situation to continue, our balance of payments would have deteriorated further, speculation would have intensified, and distortions in the international economic system would have become even more difficult to correct. Domestic pressure for precipitate withdrawals of our troops in Europe would have increased, and the risk of a relapse into short-sighted protectionism would have become overwhelming. It would have caused enormous economic uncertainty and instability in the free world and seriously threatened the prosperity of many nations.

If we had chosen merely to continue to patch up the system, the strong domestic measures I took on August 15 might have ended the crisis for

the moment. But then we certainly would have been faced with the recurrence of such crises in the future.

We concluded, after full review, that these alternatives were unacceptable. Strong unilateral measures were required to address both the immediate crisis and the fundamental structural problems of the system. On August 15 I suspended convertibility of the dollar into gold and other reserve assets. At the same time I imposed a temporary 10 percent surcharge on dutiable imports to raise their price and thereby reduce their level. And I specified that while the surcharge remained in effect, the Job Development Credit which I was proposing to the Congress was not to be applied to give tax credit for imported capital goods.

My objectives were to create conditions for a realignment of exchange rates and to stimulate progress in the areas of trade and burden sharing—in order to bring about a sustained turn-around in our balance of payments. And I wanted to set the stage for negotiations leading to a reformed international monetary order.

The August 15 measures were not in themselves a lasting solution. Such a solution would depend on two factors. First, we would need major improvements in our domestic economy. The wage/price freeze and subsequent controls are measures which we expect to reduce our high rate of inflation. The Job Development Credit and other tax reductions which I proposed are designed to stimulate domestic growth and productivity, reduce unemployment, and encourage new investments which will make U.S. industry more competitive.

Second, we needed a major international cooperative effort to help us improve our balance of payments position, and ultimately to reform the system itself. When some countries are in balance of payment disequilibrium because of deficit, others are in disequilibrium on the surplus side. What we faced, therefore, was an international problem requiring a multilateral solution.

The Road to Agreement. The strong August 15 measures were necessary to emphasize the seriousness of the problem and the urgent need for international action. There was a temptation then for us to approach a multilateral solution primarily by making advantageous separate arrangements with particular nations and then putting pressure on certain others. But we chose another course. We placed paramount importance on avoiding tactics which would weaken confidence and political unity among free world nations. It was essential that the final outcome be arrived at in a spirit of international unity and cooperation and serve the interests of all concerned. Only such a solution would be durable. For these reasons, we gave priority to international forums and multilateral discussions.

In the weeks following August 15, we set out to clarify the dimensions of the problem. In mid-September, Secretary Connally, at the London meeting of the Group of Ten—the Finance Ministers and Central Bank Governors of the major industrialized nations of the free world—spelled out our objectives and stressed the necessity for action.

During the same period several countries allowed their currencies to float. Depending on the degree of intervention and exchange restriction by the particular country, this would permit market forces to play a significant role in determining its currency's value. Had all currencies been permitted to float freely, without government intervention or restriction, the process of currency realignment might have been facilitated. As an incentive Secretary Connally proposed at the annual meeting of the IMF at the end of September that, if other governments would allow their currencies to float freely for a transitional period—and if tangible progress toward the removal of certain barriers to trade could be made—we would immediately remove the surcharge. This approach met with little response. Many countries were reluctant to allow market forces to determine the value of their currencies and attached priority to a return to fixed rates. But there were grounds for optimism in the fact that some currencies were approaching more realistic exchange rates.

At the Group of Ten Meeting in Rome in early December, possible avenues for resolving the immediate problems were clarified and developed. The United States had strongly opposed any change in the official dollar price of gold, out of concern that such a change might feed hopes or expectations that gold might achieve and maintain a more important role in the monetary system, contrary to our intentions. Nevertheless, Secretary Connally, on behalf of the United States, explored the extent to which a formal devaluation of the dollar in terms of gold might help to bring about a satisfactory comprehensive agreement. It was particularly necessary to determine whether a realignment of satisfactory magnitude could be agreed upon, and what contributions other nations would make to it.

An adequate realignment required the participation of all major industrialized nations. The failure of one nation to participate would have made it more difficult for others to agree to a significant revaluation vis-a-vis the dollar. The participation of France, in particular, was important because of the significance certain other countries attached to the exchange rate between their currencies and the franc. We recognized France's strong interest in its competitive position in Europe and in maintaining the gold parity of the franc at the level established in 1969.

In mid-December in the Azores, President Pompidou and I reached an agreement in principle on our joint contribution to an overall solution. We agreed to work toward a prompt multilateral realignment of exchange rates through a devaluation of the dollar and a revaluation of some other currencies.

At the Group of Ten Meeting at the Smithsonian in Washington, the negotiations bore fruit. On December 18, Secretary Connally, who chaired the Group during this significant series of meetings, reported to me that a satisfactory agreement had been reached. It covered a new pattern of exchange rate relationships, involving both revaluations and devaluations. The Group also recognized that trade arrangements were important to assuring a new and lasting equilibrium in the international economy. To facilitate the realignment, we agreed that as soon as the related trade measures were available for Congressional scrutiny, we would propose legislation to devalue the dollar in terms of gold. The U.S. also agreed to remove the import surcharge and the "buy American" provisions of the Job Development Credit. I announced implementation of this decision at my meeting in Bermuda with Prime Minister Heath.

The Smithsonian agreement—unlike the arrangements decided on at Bretton Woods, when the United States was the predominant nation—was fashioned by relatively coequal economic powers. It was the first time in history that nations had negotiated a multilateral realignment of exchange rates. Significantly, the participating nations also agreed that discussions should be undertaken promptly to consider reform in the international monetary system over the longer term.

The December realignment decreases the price in foreign currencies of American exports, making them more competitive in foreign markets. It raises the price of foreign imports in our domestic market. This will help us to improve substantially our balance of trade and payments position, although we should not expect an immediate turn-around. It will help stimulate domestic employment, especially in the export sector.

We and our partners also established the concept of wider bands—allowing exchange rates to fluctuate over a wider range around the newly established rates. This, plus the more realistic exchange rates, should dampen future speculation caused by the expectation of major changes in currency values.

Future Reforms. This realignment must be only the first step toward more fundamental reform. We must see to it that the rigidities and imbalances of the old system give way to a greater adaptability and resilience to ensure lasting stability. We must develop reasonable rules of the road, adhered to by all, and recognize that cooperative multilateral man-

agement must remove the disproportionate burden of responsibility for the system from this country's shoulders.

I believe recent developments have reinforced an old truth: changes in exchange rates are demonstrably matters of concern to many nations. The failure of countries to make appropriate adjustments, thereby perpetuating imbalances, is also of international concern. The need and disciplines for adjustments should bear on surplus countries and deficit countries alike.

The amount of international liquidity affects many nations. In 1969 the world took a giant step toward improving the international system by agreeing to create Special Drawing Rights in the International Monetary Fund. Over \$9 billion of this international money has been created. Experience with this asset will be invaluable in finding appropriate ways to diminish the role of gold and to avoid the excessive reliance on reserve currencies that had become characteristic of the system.

In 1972 I expect progress toward the development of arrangements with other nations which ensure that the monetary system is responsive to our common interest and that it provides a more durable framework for further expansion of trade and investment.

International Trade Policy

In 1971 we took strong measures to reverse our declining trade position, focused international attention on the fundamental problems confronting the world trading system, and moved ahead with a major effort to improve our competitive position.

The Setting. World trade affects the standard of living and the welfare of citizens of this and every other country. For this reason, the removal of barriers to the free exchange of goods in the international market has been a major cornerstone of U.S. policy since the 1930's.

The results have been impressive. Tariffs of industrialized countries have been reduced to roughly one-third of their immediate postwar level. Between 1950 and 1970, U.S. exports quadrupled from \$11 billion to \$43 billion. U.S. workers, farmers, and businesses have gained greater access for their products in world markets, while American consumers have benefited from an increasingly wide variety of products from other nations. The postwar prosperity of this country and its allies has been enhanced by a rapid growth in trade between us. These trading relationships have provided a solid underpinning for our strong political bonds.

In recent years, however, international trading relationships have changed significantly. The European Community and Japan are now centers of economic power and strong international competitors. The

Community is today the largest trading area in the world. Japan has made rapid advances in productivity and become a vigorous exporter. But discriminatory trading arrangements are assuming greater importance. Additional trade barriers have been erected. And past reductions in tariffs have exposed other barriers to trade, which have not been adequately addressed.

Within the world trading system, the United States recently has experienced its own particular problems. The productivity of American labor and industry has not increased as rapidly as that of some of our important trade partners; our rate of inflation in recent years has been unacceptably high; and the dollar had become overvalued. The combined effect has been a reduction in the competitiveness of American products in domestic and foreign markets. Our balance of trade has eroded to the point that in 1971—for the first time since 1893—we experienced a trade deficit. Our problems have been complicated by the fact that our major trading partners maintain barriers—in many cases both unwarranted and outmoded—which are detrimental to our exports. These have been focal points of political friction and have held back growth in employment in specific U.S. industries.

Trade Policy. Our objectives in 1971 were:

- To curb inflation and realign exchange rates, thereby increasing the competitiveness of American products;
- To seek removal of specific barriers to U.S. exports;
- To set the stage for further international negotiations leading to a more fundamental attack on trade barriers;
- To strengthen the export competitiveness of American industry;
- To facilitate adjustment of domestic industries to the pressures of excessively rapid import increases, and to assist in some cases with measures to cushion the impact of these pressures;
- To broaden and increase opportunities for trade with Communist countries.

The Measures of August 15. Our comprehensive program of August 15 has achieved significant success in dealing with the root causes of our trade problem:

- The December realignment has corrected a major problem. The previously overvalued dollar had made American products artificially more expensive than competing products in foreign and domestic markets. Conversely, the products of countries with undervalued exchange rates were relatively less expensive both at home and in other markets. The appreciation of other currencies relative to the dollar, by adjusting this situation, should substantially

improve our export performance and dampen the increase of imports.

—The wage-price freeze, and the subsequent restraints of Phase II, should enable us to check inflation. The high rate of inflation that became entrenched in the latter part of the 1960's exacerbated the problems caused by the overvalued dollar. Reducing inflation will increase the competitiveness of American products and thereby strengthen our export performance. It will make our products a better buy for our own consumers.

—We have made positive progress in resolving a number of trade issues, which will result in the removal of certain restrictions against American exports. We look forward to reaching agreement with our trading partners to bring about major multilateral negotiations in 1972-73 on more basic trade issues, with a view to a general expansion of world trade including improved access for American products to foreign markets.

Trade Negotiations. There is a deep and growing consciousness in the United States that international trade is important to our domestic economy, and that some of our major trading partners are following certain trade policies which adversely affect us. In recent years trade issues have been focal points for domestic political and protectionist pressures. They have been major irritants in our relations with other nations. Particularly worrisome are new preferential trading arrangements being entered into by the European Community, which encourage the development of a world divided into discriminatory trading blocs. This in turn would constrain worldwide trade opportunities, including our own, weaken seriously the multilateral basis of international economic relations and raise the risk of political tensions. Progress in dealing with these points of friction would reinforce political support in this country for an expanded European Community and for our strong ties with Japan, Canada, Europe and our other allies.

But trade, like monetary issues, is a multilateral problem which must be addressed in a spirit of multilateral cooperation. Today the European Community, Japan, the United States and other nations maintain trade barriers which adversely affect each other's exports. The Community maintains an agricultural policy which is highly detrimental to the agricultural exports of the United States and other efficient producers, as well as a number of special restrictions on industrial products from Japan and East Asia. Japan retains a variety of barriers which restrict imports from this country, Europe and Canada. The United States too has import restrictions which affect the trade of other nations.

Bilateral negotiations alone cannot resolve these issues. Because of the importance of international cooperation in this area, at the June Ministerial meeting of the Organization for Economic Cooperation and Development (OECD), Secretary Rogers took the lead in establishing a small, high-level group of experts to consider how best to deal with world trade problems. I have designated my Special Representative for Trade Negotiations, Mr. William D. Eberle, to represent this country.

Discussions within that group, and the trade talks we have had in the last several months, have led us to conclude that the time has come to begin moving toward a major series of international negotiations for reduction of trade barriers. A compelling case for such an effort was made in the report of my Commission on International Trade and Investment Policy, chaired by Mr. Albert L. Williams. A sustained and reciprocal reduction of trade barriers is needed—to reverse the movement toward discriminatory trading blocs and to remove the restrictions in each country which others use to justify the imposition of their own new restrictions. Only an international trading system which is mutually advantageous to the major trading nations and has their confidence and support is sustainable over the long run. We are prepared to move in unison with other major trading nations toward this end.

U.S. Domestic Measures. The long term solution to our trade problem does not lie solely in the removal of trade barriers by other nations. A more competitive and productive American economy, particularly in the export sector, is vitally important. The Job Development Tax Credit should stimulate new investment and thereby increase productivity. And we will institute programs to develop new technologies which will increase our competitiveness and enhance export possibilities.

In addition, the Council on International Economic Policy (CIEP) which began operations in February 1971 under my Assistant for International Economic Affairs, Mr. Peter G. Peterson, is developing long range programs to improve U.S. competitiveness and strengthen U.S. export performance—thereby stimulating employment in our export industries—and to improve programs of domestic adjustment to foreign competition.

My first assignment to Mr. Peterson was to prepare a comprehensive briefing on the changed world economy and this country's position in it. His briefing was presented to the Cabinet, members of the Congress, and other interested groups. In December, Mr. Peterson made public a report, based on his analysis, which cautioned against erecting new barriers to imports. It called instead for a firm negotiating posture to assure our products equal access to world markets and, to take advantage of such access, for a positive program to build on America's strengths and increase

our international competitiveness. I fully endorse this view and will strongly support our efforts to implement it. Accordingly, I have directed the CIEP to consider closely the recommendations contained in the report of the Williams Commission. That report contains creative and far-reaching proposals to increase the strength and resilience of our economy, stimulate vigorous export growth, improve the technical capability that supports U.S. export performance, and ease the adjustment problem posed by import competition.

Because of the importance I attach to expanding U.S. exports, I proposed, and the Congress passed, legislation permitting the establishment of the Domestic International Sales Corporation (DISC). This will provide limited tax deferral for income from export sales, thus accord it treatment similar to that accorded income of U.S.-owned production and sales subsidiaries abroad. This reduces an unintended tax incentive to produce overseas, instead of domestically, products for sale abroad. This Administration also strongly supported legislation, which I signed into law in August, permitting the Export-Import Bank to expand its program and thereby provide increased assistance in financing U.S. exports.

Along with these measures to promote our trade interests abroad and boost our exports we took actions in 1971 to meet concerns of important elements within this country through methods other than restrictive trade legislation:

- We negotiated a voluntary textile restraint agreement with the four major textile exporters in the Far East: Japan, Korea, the Republic of China and Hong Kong. This will moderate the recent rapid rate of growth of woolen and man-made textile imports from these countries, which has had a disruptive effect on jobs in the U.S. textile industry.
- We invoked the multilateral Long-Term Arrangement on Cotton Textiles where necessary to restrain rapid growth in imports of those products.
- We negotiated for an improvement of the Voluntary Steel Arrangement in order to limit exports of steel mill products from Japan and members of the European Community to the U.S.
- We continued to enforce anti-dumping laws to protect American industries from being injured by unfair pricing by foreign competitors.
- Adjustment assistance, which provides financial and technical aid to individual firms and workers injured by imports, has been made available in a number of areas. I have directed that an interagency effort be made to improve the effectiveness and timeliness of such assistance.

Trade with Communist Countries. In 1971, opportunities for trade with Communist countries were broadened and increased. This was both consistent with the evolution of our foreign policy, and of significant benefit to our trading interests. Although trade with these nations is less than one percent of our exports at present, they are an important potential market for our products. As relations have improved, trade has grown. As the former continues, so will the latter.

Among the major steps this past year were the following:

- We supported Romania's accession to the GATT and supported Congressional action to authorize Most Favored Nation tariff treatment for that country. Following the recent liberalization of legislative restrictions on the Export-Import Bank's providing credits for exports to Communist countries, I authorized that these facilities be provided for our exports to Romania.
- In April I relaxed the currency controls which had prevented the use of dollars in transactions with the Peoples Republic of China. At the same time I relaxed restrictions on provision of fuel to ships and aircraft going to or from China, and permitted U.S. vessels to carry Chinese cargoes between non-Chinese ports.
- In June I removed trade controls on a wide range of non-strategic U.S. products to permit their export to the Peoples Republic of China without a license. The effect of these measures has been to end the 21-year embargo on direct trade with the Peoples Republic of China.
- Secretary Stans' visit to the Soviet Union and Poland, and the large number of licenses issued for American exporters wishing to sell to these countries, should enhance the possibility of increased trade.
- In November we concluded a sale of approximately \$136 million of grains to the Soviet Union, which will be of significant benefit to American farmers.
- We further facilitated trade with Communist countries by reducing the number of goods requiring licenses without weakening effective control over the export of strategic commodities.

Future Progress. In 1971 we took actions to remove restrictions against our exports and to encourage renewed international efforts to remove trade barriers. A broad international assault on such barriers is necessary. The only sustainable system for the future must be one seen to be of mutual advantage for all. A retreat by any nation or group of nations into protectionism, or attempts to gain advantage over others

by means of neomercantilist policies, will deal a severe blow to the international cooperation which underlies the strength and prosperity of all nations.

Foreign Assistance

1971 was a year of crisis for foreign assistance. The changes in the postwar world and our experience in this area called for a new approach. On April 21 I submitted to the Congress legislation embodying such an approach, and proposing a major reform to carry it out.

The Changed Setting. The United States first undertook to provide economic assistance to foreign nations in the aftermath of World War II. At that time we alone possessed the resources necessary to rebuild devastated countries. The Marshall Plan was a major element in the economic recovery of Europe. Subsequently, we undertook to assist the less developed nations of Africa, Asia, and Latin America. In the 1950's and most of the 1960's, we provided well over half of all development assistance.

This situation has changed. Other nations, to whose reconstruction we contributed in substantial measure, have assumed greater responsibility for providing assistance to the less developed countries. Multilateral institutions which we played a major role in helping to establish today provide a strong international focus on development. They provide an institutional structure for improved planning and execution, and a broader sharing of responsibility, in the development assistance effort.

In substantial part because of this effort, significant progress has been made. Many lower income countries long burdened with stagnant economies are now attaining growth rates of over five percent per year, significantly increasing their food production, improving the health of their citizens, and expanding educational facilities for their children. The lower income countries today are meeting the major part of their development needs through their own resources. And, although continuing to need foreign assistance, most are now highly effective in setting their own development priorities and in utilizing the aid they receive.

When this Administration assumed office, we undertook a thorough reexamination of our foreign assistance program. We needed an accurate picture of what we wanted aid to achieve. And we needed a clear concept of how our foreign assistance program should be restructured to meet our objectives in the 1970's.

During the latter part of 1969 and the beginning of 1970, my Task Force on International Development, chaired by Mr. Rudolph Peterson, undertook a comprehensive study of our entire foreign assistance pro-

gram. Subsequently, other government agencies studied that group's report and provided their own views. After close review of these, I proposed legislation embodying a new approach to foreign assistance.

A New Approach for the 1970's. The first step was to understand clearly the objectives of our foreign assistance effort. Under the existing structure, development, humanitarian, and security assistance had been combined under the Foreign Assistance Act. Economic and social objectives had tended to become entwined with security objectives. Some attempted to justify development assistance on the grounds that it could win friends, convert nations to our way of thinking, and thereby serve our security needs. Others justified security assistance on developmental, as well as security, grounds. And while there are situations in which these justifications have merit, presentation of the program in this way confused their main purposes.

There are three types of foreign assistance, which can effectively serve three main objectives.

- Security assistance (including military aid and economic supporting assistance) is vital to help friendly countries develop the capability to defend themselves.
- Humanitarian assistance helps countries struck by natural disasters or the human consequences of political upheaval.
- Economic aid assists lower income countries in their efforts to achieve economic and social progress.

In order to enable us to distinguish between these objectives and fix program responsibility for each, it was essential to present them clearly and establish an administrative and policy structure for each. In my April 21 message to the Congress, therefore, I proposed two bills: one for International Security Assistance and the other for International Development and Humanitarian Assistance—thereby separating them for the first time. To assure more effective policy control and management, I proposed that a Coordinator of Security Assistance be established in the Department of State, and that responsibility also be centralized for coordinating humanitarian assistance programs.

Development Assistance. The most detailed and comprehensive proposals in my April 21 message pertained to development assistance. Reform was clearly called for.

The Agency for International Development was established at a time when it was incumbent upon the United States to play the major role in the foreign assistance effort. That Agency's past leadership of the international development process should be a source of pride to Americans. It pioneered many of the innovations in foreign assistance which are

accepted as having been critical to the success of development in certain nations. It has trained and brought together a large number of individuals extremely skilled in solving the problems of the developing countries. It has been looked to by many nations not only to provide them with aid but also to help them determine their development priorities. It compiled information and technical data on which other nations and the international development institutions relied heavily.

But today's changed setting requires a new approach.

- Because multilateral institutions enable us to contribute to development on a broad scale, our bilateral aid can and should be focused on countries in which we have a special interest and on problems where it can do the most good.
- Because developing nations themselves are increasingly able to set their development priorities and plans, and to determine their most urgent assistance needs, the U.S. should play a less direct role in this phase of development, and decrease the number of personnel stationed abroad for this purpose.
- Because a number of other donors, along with the multilateral institutions, now provide substantial sums of aid, our bilateral assistance should be coordinated with theirs. And the multilateral institutions should take the lead in providing information and data to all donor nations, and in integrating their assistance.

Based on this approach, I proposed a set of reforms including the creation of two new development institutions: one to provide capital development loans and the other to provide technical assistance. I hope that in 1972 the Congress will give closer consideration to these proposals and the approach of which they are a part. I regard them as the basis for discussion with the Congress aimed at formulating a program which effectively pursues this country's national and international interests and merits the bipartisan support foreign assistance has enjoyed in the past.

In an effort to improve our program based on this approach, major changes have been effected:

- AID has separated the administration of its economic security assistance programs from that of its development assistance programs.
- AID's technical assistance program is concentrating on major development priorities, including food production, education and health, with emphasis on the application of innovative techniques to solve crucial problems common to many lower income countries.
- AID is strengthening its population and humanitarian assistance programs to provide immediate help in disasters and to improve

- its capacity to deal with the vital problems of hunger and population.
- AID has launched a systematic effort to engage American private organizations more effectively in the application of technical and scientific capabilities to help the developing countries.
 - AID, by concentrating its activities in major priority areas, has been able to reduce its staff by approximately 30 percent since 1969 and the number of its overseas officials to the lowest level since the Agency was founded.
 - The Overseas Private Investment Corporation came into being in January 1971. Through its insurance services and other investment incentives, it has stimulated investment by U.S. firms in constructive projects in the developing countries.

These changes have significantly improved our foreign assistance program, and AID will institute further reforms during 1972. I am pleased by this progress and believe it merits strong support.

I was distressed by the Congressional action on foreign assistance during the latter part of last year. The 10 percent reduction in foreign aid which I ordered in August was effected as a budgetary measure at a time when Americans also were asked to sacrifice. It did not signal a renunciation of the commitment of this Administration to assist the developing countries. It did not justify the action taken by the Senate in November which almost abolished our entire aid program. This action, subsequent Congressional treatment of the aid program, and the large cuts in the aid levels I requested are of serious concern to those of us who realize the importance of this program, and to friendly nations who look to us for assistance. The vital role of foreign assistance and the progress which is being made deserve the support of the American people and the Congress.

Expropriation. Because of the significance of this issue, I recently clarified our policy on the protection of U.S. private investment overseas. Henceforth, should an American firm be expropriated without reasonable steps to provide prompt, adequate and effective compensation, there is a presumption that the expropriating country would receive no new bilateral economic benefits until such steps have been taken, unless major factors affecting our interests require us to do otherwise. Similarly, we would withhold our support for loans to that country in multilateral development institutions, under the same presumption. And, because expropriation is a concern of many countries, we are placing greater emphasis on the use of multilateral mechanisms for dealing with this problem. We urge greater use of the International Center for the Settle-

ment of Investment Disputes and support fully the early establishment of the International Investment Insurance Agency.

Multilateral Assistance. A necessary complement to the more effective bilateral program we are attempting to build, and a major element in my new approach to foreign assistance, is a broader international sharing of responsibility for the development assistance effort.

We will need the same degree of international cooperation in development assistance as is necessary in the areas of monetary and trade policy. We fully support a strengthened international effort for development through our membership in the multilateral development institutions and various consortia and consultative groups, through United Nations specialized agencies and the United Nations Development Program, and through our continued participation in the Development Assistance Committee of the OECD.

The assistance we provide through the multilateral institutions is of special importance to the development effort. These institutions have made outstanding progress in providing vitally needed aid and in assuming an effective leadership role. We are committed to continue to provide assistance through these institutions as they continue to progress. I have requested, and I urge the Congress to provide, \$320 million per annum over the next three years for the International Development Association of the World Bank. These funds—which are more than equaled by contributions from other countries—enable the Bank to provide low interest loans to the poorest of the developing countries.

I have also urged the fulfillment of our commitment to the Fund for Special Operations of the Inter-American Development Bank and the soft loan window of the Asian Development Bank. The funds channeled through these institutions represent an important contribution to regional development in these areas and to assisting their poorest countries. Work continues to go forward on creation of the African Development Bank's Special Fund. And the hard loan funds which I have requested for the World Bank and the regional banks will enable these institutions to balance their lending by making long term loans on terms closer to commercial rates to countries which can afford them.

Further, we have agreed with other industrialized nations to institute a system of generalized tariff preferences for imports from the lower income countries. The European Community, Japan, Britain, and others have already instituted their generalized preferential arrangements. After our meetings with the British in Bermuda, Secretary Rogers announced that we expect to submit legislation to the Congress.

Outlook. This year could prove to be decisive for foreign assistance. Will the United States continue to provide meaningful amounts of de-

velopment assistance? Will we continue to participate constructively in an international effort which has, in large part because of our past leadership, played such a major role in bringing about progress in the developing world?

This Administration will work cooperatively with the Congress with a view to reaching affirmative answers to these questions. The failure of this, the world's richest nation, to assist adequately the world's poor nations in their development efforts today and in the decade ahead would be one of the great human tragedies of history. Just as would a failure to confront poverty, hunger, and disease in our own country, it could not but make this a less desirable world. This nation has the resources and the know-how to make a vital contribution to the efforts of developing nations to improve the quality of life of their people. At a time when we are asking all nations to share in the responsibility for building world peace, we must do our part to ensure that all nations share in the world's prosperity.

Issues for the Future

In 1971 we set the stage for fundamental and long term reforms in the international economic system. 1972 will be a critical year in determining whether the nations of the free world can display in other areas the same strong international cooperation which it took to reach the December monetary agreement. It will test whether we in this nation can address these problems with the same spirit of competitiveness and cooperation which has been the basis of our prosperity for so many years.

Our goals will be to:

- Begin discussions with other nations to reform the international monetary system so that it can better cope with the needs of the international community in the future.
- Work in cooperation with our major trading partners to set the stage for major international negotiations leading to a mutual reduction in trade barriers.
- Continue our efforts to hold down inflation, to increase the productivity of our domestic economy and export sector, and to strengthen our adjustment assistance effort.
- Work toward an improved foreign assistance program which will merit increased domestic support and will enable us to adequately contribute, along with other industrialized nations, to an international assistance effort which will ensure that the development progress made in the 1950's and 1960's can continue in this decade.
- Address, and develop effective methods of dealing with, potential

issues such as the role of the multinational corporation, foreign investment policy, and the effects of environmental control on international trade and investment patterns.

This is a challenging agenda. Our ability to deal effectively with the issues it poses will have a profound bearing on our future prosperity. It will play a major role in determining the directions of the world economy and the prospects for political cooperation in this decade.

PART III

AREAS OF CONTINUING TRANSITION

East Asia

Latin America

Africa

EAST ASIA

"... the new strength in Asia is a fact, and it requires a different and more restrained American approach, designed to encourage and sustain Asian regionalism, Asian self-reliance, and Asian initiatives. For those characteristics are essential to the construction of a stable international order in the region."

U.S. Foreign Policy for the 1970's
A Report to the Congress
February 25, 1971

Our substantial interests and our deep historic involvement in Asia assure that the U.S. will continue to be a Pacific power. But there is an evident need for a new form of American participation in Asian affairs that reflects the growing national vigor and self-confidence of our friends. It is no longer either feasible or desirable that American resources, plans, and forces be considered the principal means of guaranteeing Asian security and progress. It is essential that the currents of change in Asia be channeled in a positive direction. It is certain that each of the major powers concerned with Asia—the U.S., the USSR, Japan, and the Peoples Republic of China—will play a role in shaping a new structure of regional stability. I am convinced that an active American contribution will hasten that achievement.

For the past three years, this Administration has applied these concepts to the challenge of building peace in Asia.

Today, our Asian and Pacific allies are acting with a new self-assurance. Japan and Australia are strengthening their contribution to the economic foundation of Asian stability. Among the developing states of Asia, a new level of regional collaboration is taking root. Collectively as well as individually, our Asian friends are assuming a growing role in shaping a structure of security and progress.

Today, a strong and prosperous Japan recognizes, as we do, that a more mature political relationship between us is an inevitable and desirable result of its dramatic reemergence as a major power. The sometimes difficult adjustments in our relations challenge the creativity of our statesmanship. Both governments are convinced of our capacity to harmonize different but basically parallel policies. Indeed, transitory

strains have proved incapable of disrupting the growing web of ties linking the United States and Japan.

Our historic initiative toward the Peoples Republic of China contains the potential for a new era in which Asia's major powers can act with restraint and respect for the legitimate interests of others. Our allies know that this initiative owes much to the past success of our joint policies—and that we could not and will not build for the future at the expense of the commitments that have bolstered Asian stability for a generation. This effort to ease tensions in Asia, by working for understanding with its most populous nation, can in the long run enhance our allies' security, much as U.S. defense commitments do today. The latter, in any event, remain valid.

Our progress in bringing to an end American involvement in the Vietnam war—without abandoning a nation counting on our support—reinforces the integrity of our commitments elsewhere in Asia. Our diminishing role in Vietnam has also reduced the domestic strains that could otherwise have weakened the basis for American participation in building Asia's future. Our progress in transferring the combat burden to South Vietnam's own forces bears witness to the vital role of local self-reliance, while it underscores the need for substantial American economic and military assistance as American direct involvement declines.

Our policies correspond to the realities of change and to the growing capabilities of our partners in Asia. They are serving as a catalyst for the emergence of a new structure of relationships. Its ultimate shape is not yet fixed. To create a lasting peace, the other major powers must demonstrate the necessary maturity and restraint and the developing states must act with the requisite enterprise and self-confidence. But we have laid a basis for a new and sustainable form of U.S. participation in that effort. Elsewhere in this Report I have described this Administration's policies toward the great powers concerned with Asia. In this chapter, I will describe our relations with the other, increasingly self-reliant, states of East Asia.

Toward Fuller Participation by Asians

Although the policies of the major powers can and should provide a framework for regional stability and economic advance, only the active participation of all states in Asia can give that framework vitality, flexibility, and the strength to endure. In 1971—a year of momentous developments in relations with our principal allies and adversaries—

Asian nations made quiet progress by relying increasingly on themselves and working together for shared goals.

We welcome this trend. We look forward to an Asia in which the task of ensuring security, development, and political consolidation can be carried primarily by the governments and peoples of Asia. Similarly, we believe they have an indispensable role to play in creating effective mechanisms of regional collaboration and in shaping the broader structure of international relations in Asia.

The situation now confronting the developing states in Asia justifies both deep concern and high hope. Insurgency and political violence, often abetted from outside, continue to plague the nations of Southeast Asia. Communist pressures still combine with historic antagonisms and cultural differences to check the advance to stability. In some countries the demands of national security and the constraints of tradition continue to hamper economic growth.

But much has been, and is being, achieved. The world's most exciting records of economic development are being written by the nations of free Asia, whose regional rate of advance approached seven percent last year. The Republic of China, the Republic of Korea, Singapore, and Hong Kong are exceeding this growth rate; Malaysia and the Philippines follow closely.

The economic record of the Republic of China attracts special notice. The island has become a model for economic development. Last year its gross national product rose by over 11 percent, per capita income by 13 percent, and exports by 33 percent. Its worldwide trading relations continue to expand, despite the regrettable loss of its rightful place in the United Nations.

The outlook in Asia is brightened by the emergence of a stable Indonesia—one-half of Southeast Asia in both area and population—whose enlightened economic policies and active diplomacy promise benefits to its neighbors as well as its own people. The election last year of Foreign Minister Malik as President of the United Nations General Assembly was a symbol of Indonesia's enhanced stature. In July, the holding of free national elections—the first in 16 years—dramatized the advance of political freedom and thus strengthened the government's base of domestic support. In the economic sphere, a healthy growth in exports, investment and rice production continued, while the rate of inflation dropped to less than 4 percent from 9 percent in 1970 and 650 percent in 1966. The American contribution to Indonesia's development effort amounted to nearly \$215 million, or about one-third of the total provided through the aegis of the Inter-Governmental Group on Indonesia, which links the major donor nations, as well as the World Bank and Interna-

tional Monetary Fund. We also continued a modest security assistance program.

The Philippines, which pioneered the "Green Revolution" with the development of miracle rice, pushed its economic growth rate to 6.5 percent in 1971. Continuing an effort begun two years ago, the Philippines has made headway on a nagging balance of payments problem by strengthening its exports and tightening its fiscal discipline. It is well on the way to becoming a showcase of population control, with a well-organized and innovative program which it is expanding to cover the widely scattered islands of the archipelago. The Philippines continues to be a mainstay of regional cooperation.

A central purpose of the new partnership we are building with Asian states is to nurture a growing sense of regional identity and self-confidence. Without it, a vital impetus for cooperation would be lost, and individual nations would be obliged to choose between an inward-looking nationalism, and excessive reliance on the initiative of others to bring coherence and stability to the area. Working together, however, smaller powers can gain the influence needed to mold their own futures, while their efforts provide a natural focus for assistance and cooperation from others.

The past three years have seen a noteworthy advance of the spirit of regionalism in Asia. Formal political associations such as the Asian and Pacific Council (ASPAC) and the Association of Southeast Asian Nations (ASEAN) have demonstrated the utility of periodic consultations on major regional issues, and have served as a forum for the resolution of differences between participants. Most recently, the ASEAN Foreign Ministers, meeting at Kuala Lumpur in November 1971, declared their intention to consult with other Southeast Asian states and outside powers on long term means to strengthen the region's security and independence. Their expressed interest in an eventual neutralization of the area bears witness to their readiness to discuss even the most difficult issues of common interest. Our own dialogue with the ASEAN member states also demonstrates a sober awareness that much remains to be done before such an objective can be realized: the secure independence of sovereign Southeast Asian nations is its essential precondition.

Just as significant to Asia's peaceful development is the contribution of regional economic organizations. In recent years, the Asian Development Bank has grown to become a major source of the area's development and technical assistance. By the end of 1971 it had approved 85 loans to 16 developing nations in Asia, totaling some \$639 million. It is particularly heartening that the advantaged nations of Asia have played an active role in these achievements. Though I attach great importance to our continued financial support for Asian development—including

Congressional approval of soft loan funds for the Asian Development Bank—there are welcome signs that others recognize the limits of our resources and the need for a broader effort.

Japan's leading role in Asian development efforts is well known. Less widely recognized, however, is the contribution of Australia, which now ranks as the world's third largest aid donor in terms of the percentage of its GNP earmarked for this purpose. While Papua/New Guinea has been the principal recipient, Australia has made substantial grants to Indonesia, Vietnam, Cambodia, and the South Pacific Commission as well. New Zealand has also channeled increased aid to Southeast Asia and the Pacific area.

The World Bank, the International Monetary Fund, and the nations of Europe have pooled their efforts with our own and with those of Asian states in a growing number of international consortia established to assist such nations as Indonesia, Korea, the Philippines, and Thailand. This arrangement not only maximizes resources, but also ensures their coordinated use for priority needs.

Meeting the Requirements of Security

Economic progress and political stability must rest on a foundation of security. The central role we have played in providing the margin of security for the nations of East Asia has enabled development to proceed and national self-confidence to thrive. Therefore, as we shaped a new Asian role for ourselves, we recognized a need to help create a greater indigenous capability to ensure security.

In July 1969, I set forth at Guam my concept of a new direction for our defense policy.

First, I emphasized that the United States would keep its treaty commitments, while relating our concrete contributions of troops and resources to changing conditions in the area. To abandon the structure so painfully built up over the past 25 years would only invite new conflict or induce sudden and unforeseeable shifts in alignments. Henceforth, however, we would carefully weigh our interests in undertaking new commitments, and we would shun a reflexive response to threats and conditions in the variegated context of modern Asia.

Second, I affirmed our intention to provide a shield if a nation allied with us or vital to our security were threatened by a nuclear power. Here, too, we were convinced of the need to forestall upheaval in the international relations of Asia and elsewhere. Our course would be to preclude nuclear blackmail while discouraging nations from developing their own nuclear capability.

Finally, I stated our intention to help meet other forms of aggression by providing military and economic assistance, while looking primarily to the threatened nation to provide the manpower for its own defense.

These principles have stood the test of experience, and I am confident that Asians themselves have welcomed them. By our actions as well as our words, we have demonstrated that America remains committed in Asia and determined to participate in building its future.

- Our bilateral security treaties with Japan, the Republic of China, the Philippines, and the Republic of Korea remain the touchstones of regional stability. Similarly, our multilateral security pacts—ANZUS and SEATO—have made a valued contribution to peace. They have been and will be honored. In meetings this past year we joined our partners in the Southeast Asia Treaty Organization (SEATO) and the ANZUS Pact in noting encouraging trends in the region, while reiterating the continued importance of cooperation and consultation in the common defense. These alliances have helped provide the measure of strength that now enables us to move toward a dialogue with the Communist powers.
- We will continue to maintain sufficient U.S. forces in the region to permit us to meet our commitments. Adjustments in our own military deployments in Asia have come only after thoroughgoing reviews with our partners. If this country is to move to a more balanced participation in Asian affairs, it is essential that we proceed from a shared understanding of where we are going and how we will get there.
- Our provision of substantial—and in some cases increased—security and economic assistance is indispensable to support the transition to self-reliance in Asia. I am convinced that the Congress and the American people will continue to prefer this course over a retreat from Asian problems—and from our responsibility to help provide Asians with the vital resources needed to meet them.

There are tangible grounds for hope. The South Vietnamese, with our support, have demonstrated their ability to assume a rapidly growing share of the combat burden. The record also is encouraging elsewhere.

- We were heartened at the decision of Australia, New Zealand, and the United Kingdom, in April, to join Malaysia and Singapore in a new Five Power arrangement for cooperation in the defense of Malaysia and Singapore. It facilitates continuing stability in that area, and symbolizes the feasibility of a broad regional approach among concerned nations.

- Korea's remarkable economic growth—averaging over 10 percent annually in recent years—and the increased strength and competence of its armed forces suggested that adjustments in U.S. deployments were feasible. We reached joint agreement in early 1971 on a program to modernize the Korean armed forces as our own forces in Korea were reduced by one-third. The Koreans, on their part, have undertaken to increase their own self-sufficiency in defense. At the same time, the Republic of Korea is maintaining a significant contribution to the allied effort in South Vietnam. Last August, South Korea took the initiative to begin discussions with North Korea on ways to alleviate the plight of families separated by war two decades ago. This is a hopeful sign that tensions on the Korean Peninsula may be reduced.
- In cooperation with Thailand, we have focused on economic and military assistance to support Thai efforts to meet their security needs without sacrificing the nation's economic growth. We have reaffirmed our intention to continue our aid and maintain our SEATO security commitment. For its part, Thailand has demonstrated determination to deal with its externally-aided insurgency. Our close consultations on ways to achieve shared objectives in Indochina remain an important factor in the Nixon Doctrine's success in Southeast Asia.

American military retrenchment in Asia has not been—and cannot be—an end in itself. New doctrines and new ways of relating joint efforts serve the basic purpose of bringing our posture into harmony with a transitional era. It is perhaps inevitable that the most widely noted result of the Nixon Doctrine has been the reduction, by nearly 460,000 men, in our military presence in Asia. This Administration and all Americans can take satisfaction in the fact that it has been possible to reduce our deployments without jeopardizing our tangible national interests or broad strategic objectives.

The Road Ahead

In the years to come we must continue to tailor our policies to a new pattern of leadership in a changing Asia. The policies of the four major powers concerned with Asia will profoundly influence its future structure; the individual and collective endeavors of all Asian states will give that structure substance and durability.

I am convinced that the United States can set itself no more worthy goal than fostering in Asia the self-reliance that made our own nation

great. National and regional cohesion among these nations is the natural companion—as well as the precondition—of restraint by the major powers. If the transition to a new structure of peace is not to founder, we must meet the challenge of relating our efforts to Asia's needs. To do otherwise would mock our sacrifices in Vietnam, discourage the parallel efforts of our Japanese and Australian allies, and make irrelevant our effort to build a bridge with our adversaries.

LATIN AMERICA

"The destiny of every nation within our inter-American system remains of foremost concern to the United States."

Message to the
Inter-American Press Association
October 25, 1971

Our association with our sister republics of the Western Hemisphere has always been unique in our foreign relations. Geography, history, a common heritage of self-government, and shared interests in the world at large have traditionally given our hemisphere relations a special durability.

When I came into office, however, the premises of our Latin American policy in the postwar period could no longer be uncritically accepted. The easy assumption of hemispheric community—reinforced by shared experience in the Second World War and by the new inter-American system—was being severely challenged by the new intensity of nationalism, pluralism, and pressures for change. The ambitious U.S. undertaking to lead the whole continent to democracy and progress—exemplified by our directive role in the Alliance for Progress—could not be sustained in a new period of accelerating expectations and greater assertion by Latin Americans themselves of their right and capacity to determine their own future.

These challenges were inherent in the new political environment of the 1970's. United States policy was hardly responsible for all the problems our relationship faced; nor could a new U.S. policy solve them. This, in fact, was one of the most obvious lessons we had to learn from our post-war experience. But the United States needed a new approach to hemispheric policy in order to respond to new conditions constructively and to lay the basis of a more mature political relationship with Latin American nations.

We needed, and we undertook, a fundamental rethinking of our premises.

We concluded, first, that geography and history and U.S. interests did give our relationship with Latin America a special—and continuing—importance. We could not treat Latin America as simply another region of the developing world. The hemisphere is unique and our political ties in it are unique.

We could see also that the growing sense of national and regional identity in Latin America was expressing itself increasingly in terms of differentiation from the United States. Henceforth a sense of hemisphere-wide community could be sustained only on a new, more realistic basis. The problems in our relationship were, at their roots, political. Solutions would be found in reconciliation of basic interests, not merely in economic programs. Of course, because of the central importance of development as a common objective, our assistance in that effort would be an essential ingredient in our relationship. In the long run, we hoped that the achievement of progress would boost national self-assurance and reduce the need for foreign scapegoats. Nevertheless, we had to understand that the mobilization of national energies and the frustrations of the development process could be accompanied by greater anti-U.S. sentiment, not less.

In recent years, U.S. policy had fluctuated between taking our neighbors for granted and launching ambitious crusades in which we promised a transformation of the continent. The penalties for taking our neighbors for granted were obvious. Our political ties to our own hemisphere would erode. The United States would become a target, rather than an ally, of legitimate national aspirations. Extremist methods would gain wider acceptance. We would have betrayed our own humanitarian traditions and our national commitment to freedom and human dignity.

The penalties for attempting ambitious crusades were less obvious but almost as serious. Enthusiasm was no substitute for concrete achievement. Pious exhortations for a massive U.S. effort would serve no purpose when the U.S. Congress was barely willing to preserve, let alone increase, our foreign assistance program. Raising unrealistic expectations would ultimately end only in greater frustration and bitterness. History had taught us, moreover, that progress toward development and democracy depended in the first instance upon indigenous capacities, traditions, and leadership. Latin Americans understood this, and so should we.

Therefore, this Administration has adopted a new approach to hemispheric policy, more consistent with modern reality. It reflects the new thrust of United States foreign policy under the Nixon Doctrine. We have changed the manner of our participation in both bilateral and collective efforts. We pretend no monopoly on ideas, but elicit and encourage the initiatives of our partners. The concrete economic steps the United States has taken to assist Latin America have been responses to their ideas and their concerns. We give our active support where it is wanted and where it makes a difference.

Ironically, in an area where the pervasiveness of change is a cliche of political rhetoric, old notions of expected U.S. behavior are proving

difficult to throw off. United States performance is still to some extent being measured inappropriately by the yardsticks of the past. We are inevitably a leader, and hemispheric unity remains a fundamental principle. But a hemisphere of nations increasingly assertive of their individual identities is less amenable to U.S. direction and less likely to achieve cohesion automatically. Latin American nations vigorously mobilizing themselves for development should be less dependent on U.S. prescriptions.

This is a more mature relationship.

Our adjustment is thus a positive development of great importance. The United States has assumed a new role of leadership and support that we can sustain over the long term. It does justice to the national dignity of our partners. It is the only basis on which genuine progress in the hemisphere can be achieved.

Our policies over the past three years reflect four positive themes:

- A wider sharing of ideas and responsibility in hemispheric collaboration;
- A mature U.S. response to political diversity and nationalism;
- A practical and concrete U.S. contribution to economic and social development;
- A humanitarian concern for the quality of life in the hemisphere.

Sharing Ideas and Sharing Responsibility

The nations of Latin America are our partners, not our dependents.

A tutelary style of United States leadership is unsuited to today's political conditions. The most effective form of hemispheric collaboration in the 1970's is based on a wider sharing of ideas and a wider devolution of initiative.

In this regard, my face-to-face consultations with Latin American leaders over the past three years have been especially valuable. This past December, I conferred in Washington with President Médici of Brazil, as part of my consultation with our allies and friends in advance of my summit visits to Peking and Moscow. We had an important exchange of views on major issues of global as well as hemispheric concern. In spite of some current disagreements between us, on territorial waters and fishing rights, for example, our discussions confirmed a broad area of shared purposes. I have had important talks also with Presidents Lleras of Colombia, Caldera of Venezuela, and Somoza of Nicaragua,

in addition to my frequent meetings with Presidents Diaz Ordaz and Echeverria of Mexico.

This is one function of consultation—to foster a sense of shared objectives and help achieve them. Hemispheric enterprises are most effective—and best help Latin America realize its great promise—when Latin Americans themselves play the major part in designing them. This strengthens the hemisphere-wide community.

However, it has long been obvious to our Latin American neighbors that within the wider community they share certain major interests and viewpoints as a group vis-a-vis the United States. The United States gains nothing by ignoring this or trying to deny it. The differences between us are apparent. What will preserve the hemisphere-wide community is practical cooperation among nations which have much to offer one another.

This Latin American sense of regional identity is now increasingly reflected in hemispheric practice, particularly on economic questions. In the Special Committee on Consultation and Negotiation, for example, a body in the Inter-American Economic and Social Council (IA-ECSOC) for dealing with trade issues, the Latin Americans increasingly consult among themselves before discussions with the United States. Latin American nations have also formed, on their own, the Special Coordinating Commission for Latin America (CECLA), for concerting their positions on political and economic issues vis-a-vis the United States and the rest of the industrialized world. This group produced the Consensus of Vina del Mar—the set of proposals to the United States which contributed valuably to the program I announced in October 1969.

This new practice of Latin American consultation can be a constructive force for cohesion in the hemisphere as a whole; it can make cooperation between the U.S. and Latin America more effective and more responsive. It will be a challenge to statesmanship to ensure that it never degenerates into hostile confrontation, which would be an obstacle to achievement, and thus self-defeating.

Community, Diversity, and Nationalism

The hemisphere community took shape historically as an association of free republics joining together against domination and interference from tyrannies across the ocean. This sense of unity was reinforced by the Second World War and was embodied in the new institutions and instruments of the inter-American system.

Our cohesion has served many other common purposes since then. It has provided forums for multilateral consideration of issues facing us all. It has afforded mechanisms for peaceful settlement of disputes within the hemisphere. It has enabled Latin Americans to express a collective voice in discussions with the United States and the rest of the world.

In the 1970's, this cohesion is being tested by rapid and turbulent change—more intense nationalism, accelerating expectations, new ideologies and political movements, a new diversity of political systems and expanding ties between Latin American countries and the rest of the world. These new conditions are bound to transform our political relationships.

Our task is to respond constructively with a realistic set of objectives and principles for United States policy. We have done so.

There are hemispheric questions on which our judgments differ from those of some of our partners. As I said in October 1969: "partnership—mutuality—these do not flow naturally. We have to work at them." I do not believe that frank discussion and fair settlements between sovereign nations are inconsistent with national dignity.

Our especially close relationship with Mexico provides striking examples of problems resolved systematically by self-respecting states who feel a preeminent interest in good relations. The closeness reflected in my several meetings in 1969 and 1970 with Presidents Diaz Ordaz and Echeverria resulted in specific agreements on such matters as narcotics control, boundaries, civil air routes, agricultural imports, Colorado River salinity, joint flood control projects, and the return of archaeological treasures.

In addition, in 1971 the United States and Nicaragua abrogated the Bryan-Chamorro Treaty, relinquishing canal-construction rights in Nicaragua which we no longer require. Presidential Counsellor Finch, visiting six Latin American nations on my behalf in November 1971, signed an agreement recognizing Honduran sovereignty over the Swan Islands. We have entered new negotiations with Panama to achieve a mutually acceptable basis for the continuing efficient operation and defense of the Panama Canal.

Our mutual interest also requires that we and our neighbors address in this same cooperative spirit the two significant disputes which flared up last year in our relations with Latin America—the fisheries dispute

and the problem of expropriation. Let me state frankly the United States view on these unsettled questions.

In 1971, Ecuador seized and fined a great number of U.S.-owned tuna boats fishing within its claimed 200-mile territorial sea. United States law required me to suspend new military sales and credits to Ecuador as a result; seizures have continued nevertheless. Disagreements over the fisheries question have also arisen with Peru and Brazil.

The technical issue is a dispute over the legal definition of the territorial sea. The central issue is political—how to reconcile conflicting interests in an environment in which national pride and nationalist emotions exacerbate our differences. Fundamental security interests of the United States are involved. We do not believe that a continuing cycle of seizures and sanctions serves anyone's interest. We therefore consider it essential to negotiate at least an interim solution: to halt the seizures and sanctions while preserving the juridical positions of both sides until the 1973 UN Conference on the Law of the Sea, which we hope will reach an international consensus. Counsellor Finch reopened talks on this issue on his visit to Ecuador and Peru, and we have also discussed the problem with Brazil.

Major differences have also arisen in the past three years between the United States and some Latin American countries over expropriation of foreign private investments.

International law permits non-discriminatory nationalization of property for public purposes but it also requires reasonable provision for prompt, adequate, and effective compensation. Although mutually acceptable compensation agreements are negotiated in the majority of instances in Latin America, there have been important cases in which the legitimate interests of private investors have been treated arbitrarily and inequitably.

In our view this only jeopardizes the achievement of the goals in whose name these actions are taken. Latin America needs external capital, because internal savings are simply insufficient for development needs. While every country has the right to determine its own conditions for private investment, a government that rejects or discourages private capital cannot realistically assume that foreign public capital will make up the difference. What is needed now is a frank understanding which protects the legitimate interests of private investors, while being fair to the countries in which they invest. This would restore mutual confidence and maintain the flow of needed resources.

In January of this year, I announced the principles that shall govern U.S. Government policy on this matter worldwide. This policy is set forth in the International Economic Policy chapter of this Report.

In our view, the hemisphere community is big enough, mature enough and tolerant enough to accept a diversity of national approaches to human goals. We therefore deal realistically with governments as they are—right and left. We have strong preferences and hopes to see free democratic processes prevail, but we cannot impose our political structure on other nations. We respect the hemispheric principle of non-intervention. We shape our relations with governments according to their policies and actions as they affect our interests and the interests of the inter-American system, not according to their domestic structures.

Our relations with Chile are an example. Chile's leaders will not be charmed out of their deeply held convictions by gestures on our part. We recognize that they are serious men whose ideological principles are, to some extent, frankly in conflict with ours. Nevertheless, our relations will hinge not on their ideology but on their conduct toward the outside world. As I have said many times, we are prepared to have the kind of relationship with the Chilean Government that it is prepared to have with us.

In this context, its actions thus far on compensation for expropriated U.S.-owned copper companies are not encouraging. The application *ex post facto* of unprecedented legal rules which effectively nullify compensation is, in our view, inconsistent with international law. We and other public and private sources of development investment will take account of whether or not the Chilean Government meets its international obligations.

The integrity of international law, moreover, is not something only the United States has an interest in. On the contrary, it is a world interest. Smaller nations in particular are the beneficiaries of the restraints and obligations which international law seeks to impose on the conduct of states.

It is a challenge to statesmanship to see to it that nationalism works as a positive force and not as an obstacle to mutually beneficial relations between states.

Confrontation and extremism are destructive. For this reason the United States continues to assist the efforts of its partners to combat subversive violence, both with material and training support for security programs and with support for building the institutions and processes of democratic, social and economic progress.

Regrettably, Cuba has not abandoned its promotion of subversive violence. There has been some moderation of its rhetoric and more selectivity

in its approach to exporting revolution, but these seem to be only a shift in tactics prompted by the consistent failures of its domestic policy and revolutionary adventures. Cuba continues to furnish money, weapons, training, and ideological leadership to revolutionary and terrorist groups. Similarly, Cuba has increased, not diminished, its military ties with the USSR—its receipt of arms and provision of facilities—and thus invited a permanent Soviet military presence into the hemisphere. Cuba isolates itself by these policies, which are an obvious and direct threat to the rest of the community. The United States will consider supporting a change in the OAS sanctions against Cuba only when the evidence demonstrates a real change in Cuba's policies.

A Program of Action for Development

A hemisphere divided by a yawning gulf between wealth and squalor is no community. The commitment of the United States to human dignity implies a commitment to help our neighbors achieve their overriding national objective—economic and social development.

There is no certainty that development contributes directly or immediately to democracy, or peace, or friendlier relations with the United States. In the long run, we hope it will. We will assist in the hemispheric effort with realistic expectations and with a realistic program of action that will have an impact.

Trade opportunities are crucial to Latin American development. Export earnings are the most important long term source of foreign exchange; they are a means of financing development without dependence on external aid and without the real or imagined infringement of national sovereignty that so often complicates bilateral and even multilateral lending and investment.

The growth of these earnings, however, is dependent upon long term trends in world demand for Latin America's raw materials and semi-processed goods. Today, the trends in demand are far from adequate to provide the earnings needed. This has been a major burden on Latin American development and one of our partners' most urgent concerns.

The United States, for its part, has taken steps to provide access for such Latin American products as sugar, coffee and meat to our own market. But the problem is greater than this and has to be attacked on a worldwide basis. Latin America was not included in the arrangements by which many industrialized nations gave preferential treatment to selected countries or regions in the developing world. The answer to this—which the U.S. championed—was to press for a generalized system by which industrial countries gave preferential treatment to the products of all developing countries. We made great progress. The European Com-

munity, Japan, and other nations have put generalized tariff preference schemes into effect. As Secretary Rogers announced in December, we expect to submit our own generalized preference legislation to the Congress.

For the past three years, in addition, the United States has maintained the average annual level of development assistance of the first ten years of the Alliance for Progress. I have urged the Congress to move quickly and favorably on our new appropriations, particularly for bilateral aid and for the Inter-American Development Bank (IDB), the principal regional entity for development lending. Over the past three years, this Administration has responded to Latin American proposals and taken concrete steps to assist their efforts for development. For example:

- In my October 1969 address, I announced a milestone reform: the relaxation of restrictions which "tied" U.S. loans to Latin America to the purchase of U.S. exports.
- We have given financial and technical support to enhance the effectiveness of multilateral institutions like IA-ECOSOC, CIAP, and IDB as vehicles for Latin American leadership in planning development assistance and setting development priorities.
- I exempted the hemisphere from the ten percent reduction of bilateral foreign aid which was a part of our August 15 emergency New Economic Policy.
- We have supported efforts to develop capital markets, tourism, and export promotion, and to facilitate the transfer of technology for development needs.
- We have given assistance to the Central American Bank for Economic Integration and the Caribbean Development Bank.
- The U.S. signed agreements with Panama and Colombia on the financing of the last unfinished link of the Pan American Highway—the Darien Gap. Construction can now begin this year.

The Quality of Life in the Hemisphere

Our ties with Latin America at the people-to-people level are a tradition unto themselves. They cover the range of human and institutional activities—educational, cultural and professional exchanges; volunteer and other humanitarian programs; counterpart contacts between schools, industries, labor unions, credit unions, foundations, cooperatives, and other non-governmental institutions. These people-to-people contacts have the advantage that they are less politically sensitive and generally can survive uncertainties and fluctuations in official relations. In 1970, the United States created the Inter-American Social Development Institute to assist the growth of non-governmental institutions in Latin Amer-

ica. This is a contribution to pluralism and to the kinds of social organization by which people and communities participate directly in improving their own lives.

The government and people of the United States contribute to human betterment in Latin America in other ways. Our public and private assistance to victims of natural disaster is a well-known and long-standing tradition. Our aid to Peru after the 1970 earthquake, and Mrs. Nixon's visit to the scene, were symbolic of our concern.

The Hemispheric Future

The United States cannot be indifferent to the hemisphere in which it lives. But geography alone does not make a community. Our association will thrive only if our common purposes do. The United States believes it has much to contribute, as well as much to gain, in a continuing close relationship with its fellow inhabitants of the Western Hemisphere. We recognize nevertheless that the difficulties facing United States policy will grow, rather than diminish, as the decade unfolds; there will inevitably be strains and disappointments. This will test our compassion, our tolerance and our maturity.

The new United States policy I first announced in October 1969 was a statement of a new philosophy and a blueprint for concrete action. Our philosophy is one of realism and restraint. This is the approach best suited to the realities of the new era and to history's lesson that we in the U.S., whatever our good intentions, cannot mold the continent to our preferred image. Our program of concrete action, designed for effectiveness rather than glamor, is directly responsive to Latin American ideas and needs.

To realize our purposes, these will be our tasks in the years ahead:

To share initiative and responsibility more widely in collective enterprises. This is a constructive way of responding to a radically new political environment in which our partners are more assertive of their right and capacity to determine their own future. The inter-American system and its practices should reflect this more balanced relationship.

To demonstrate in word and deed the vitality of the common aspirations of the hemisphere. We are realistic. Differences in interest and perspective are natural. We need to discuss differences and negotiate solutions, as is proper among sovereign states who share an interest in preserving a constructive relationship.

To make an effective contribution to economic development in Latin America. We cannot allow the ferment of the age to immobilize

us. We can be responsive to good programs in many practical ways—even given the broad limits on what the United States is capable of providing or accomplishing by itself. We will move forward with our program of action.

To tap the humanitarian concern of the people of the United States for the betterment of people's lives in the hemisphere. This humane concern for people and people's lives is an enduring commitment and a vast resource. It runs far deeper than foreign policies and political relations, and sustains them all.

AFRICA

"The potential of Africa is great, but so are its problems. We view Africa with the strongest of goodwill, tempered by the sober recognition of the limits of the contribution which we can make to many of its problems. We look to African leadership to build the framework within which other nations, including the United States, can fully contribute to a bright African future. A peaceful, progressive, and just Africa is an exciting and worthy goal. We hope by our policies to facilitate economic progress in one part of Africa, human and social justice in the other, and peace in both.'

U.S. Foreign Policy for the 1970's
A Report to the Congress
February 25, 1971

We owe it to ourselves and to Africa to define clearly and to state candidly American interests, aims and possibilities in the African Continent. We owe it to ourselves and to the Africans to understand clearly their aims and priorities.

Our African diplomacy, including my own meetings these past three years with the leaders of 14 African nations, has been directed to the establishment of an honest relationship with the peoples and governments of the continent.

Africa is in its second decade of emancipation from colonial rule and the achievements of independent Africa have been impressive:

- Despite great obstacles, African states have maintained their political independence and territorial integrity.
- Though progress was uneven, a number of African states have taken significant strides to broaden their economic base and to develop untapped resources.
- In the face of overwhelming domestic strains, African leaders in the main have succeeded in moving toward internal consolidation.
- Despite great ethnic diversity and unnatural geographic divisions, Africans have created new regional institutions to grapple with common problems.

Africans, however, still face two awesome problems:

- The hope for modernization is spreading across Africa more rapidly than the means to assure its realization. The problems created by slender resources of capital and skilled manpower are

aggravated by the narrow scope of national economies. Many African countries face a harsh choice between policies involving cooperation with others which hold realistic promise of growth—and the jealous guarding of unmitigated sovereignty.

—The quest of southern Africa's black majorities for full participation in their countries' political and economic life continues to meet minority intransigence and repression, and to divert African attention from the problems of development.

America's Interests in Africa

Historically, U.S. interests derive from the many American citizens of African descent, and the long involvement of American churchmen, educators, and businessmen with Africa. In the last two decades, Africa's drive for independence stimulated our interest, and commanded our understanding and our support. The creation of new independent governments in Africa gave a new focus to our relationship and opened new opportunities for fruitful contacts between us. The special identification of black Americans with their African heritage adds intensity to our inherent interest in demonstrating that men of all races can live and prosper together.

One-third of the world's independent nations are in Africa. Their voice and views are increasingly important in world affairs. Our global responsibilities require that we seek their understanding and diplomatic support for a wide range of policies.

In the economic sphere our common interests are substantial and growing. African leaders look to the United States for help primarily in meeting their development objectives. The American interest in a fruitful relationship with the African Continent commands that we, along with others, respond. On our part, we consider this an area particularly appropriate for an active U.S. role in African affairs. As African countries diversify their economic relationships, our own economic interests and opportunities in Africa expand. Our interest in African trade and investment opportunities matches the African interest in American goods and their desire for American technology.

The Need for Mutual Respect and Restraint

If these American interests in Africa provide a firm basis for relations of mutual benefit—and I believe they do—I am equally convinced that

both African and American interests are served by political restraint in our policy toward Africa.

We have made preeminently clear our respect for the diversity and independence of African nations. For historical and geographical reasons, Africa is resistant to involvement in alien conflicts and controversies. This accords with our purposes as well as Africa's. As Secretary of State Rogers stated following his February 1970 trip to Africa:

“We have no desire for any special influence in Africa except the influence that naturally and mutually develops among friends . . . we do not believe that Africa should be the scene of major power conflicts. We on our part do not propose to make it so.”

Restraint must be mutual to be effective. Non-African powers should not seek, nor Africans provide, opportunities for exploiting local conflicts. Africans have demonstrated, in their drive for autonomy and self-reliance, their ability to solve their problems without outside interference.

Mutual respect in relations with the United States also includes African recognition of our non-interference in African political affairs. We expect African nations to resist the temptation to serve domestic political purposes by making unsubstantiated charges of American interference in their affairs. Such charges appeared in a few places in Africa in 1971, particularly in Madagascar and Guinea.

American restraint accords with the natural pride of new nations molding their own future after generations of foreign rule. It is precisely what we demanded of others after we had obtained our own independence. The United States cannot, and will not, therefore, attempt to define Africa's goals, nor determine how they should be met. We will not recommend internal political arrangements to Africans—though we naturally prefer open and tolerant systems. But we can and we will support African commitments to the values we share.

The Dimensions of Cooperation

The United States responded, in 1971, to the special and priority concerns of Africans. This Administration was able, even in the face of declining worldwide aid resources, to increase U.S. support for African development. Our development loans to African nations increased 30 percent and Export-Import Bank activity rose 140 percent. In addition, we provided almost 40 percent of the total cost of multilateral assistance programs in Africa. Last year the Peace Corps maintained 2,500 volunteers in 25 African countries, providing teacher training and vocational skills. American assistance to Africa totaled about \$550 million last year, compared to \$450 million in 1970.

This record speaks for itself. We have been increasingly active in precisely that area in which Africa expects and wants an American contribution.

Private American investment in Africa is growing at an annual rate of 14 percent, a fact of the greatest promise for Africa's economic future. Private investment will undoubtedly play a major role in providing the Continent with the capital and technology it needs. We will continue to make every effort to encourage private investment in Africa. It will benefit not only Africa, but the world, to encourage efficient development of Africa's resources of petroleum, mineral, and agricultural products. American companies will also continue to help create new manufacturing enterprises and to facilitate expanded trade and tourism by working to build ports and railroads, air links and hotels.

U.S. private investment in Africa now totals about \$3.5 billion, and continues to grow rapidly. Americans are participating in important new enterprises started last year in Nigeria and Zaire. The Export-Import Bank and the Overseas Private Investment Corporation stand ready to facilitate such ventures where our participation is wanted and where it can take place on a footing of mutual benefit. Africans who want this participation must, of course, create a hospitable climate for private investment. Kenya, Ivory Coast, Liberia, Nigeria, and Zaire are examples of the benefits which flow from such a climate.

Our growing trade with Africa yielded the United States a 1971 trade surplus of about \$400 million, while providing Africans with expanded markets for the exports so vital to their growth. 1971 saw the opening of our sugar market to Malawi and Uganda for the first time, and an increase in our quotas for Madagascar, Mauritius, and Swaziland. Despite our own economic difficulties, we exempted many African raw material exports from the temporary import surcharge imposed from August to December. We have announced our intention to submit to the Congress legislation to implement a system of generalized preferences for the exports of developing areas, including Africa. This year we will open in Nigeria our first Regional Trade Center in Africa. It should lead to a further expansion of African-American trade.

No one's interest is served by underestimating the magnitude of the task ahead, or by exaggerating the contribution outsiders are able or willing to make to the realization of Africa's aspirations. The earlier era of euphoria is over. If Africa is to move ahead in the 1970's, it must be largely on the basis of its own efforts and its own prescriptions. Assistance from others will supplement, but will not replace, the need for the application of major resources from the African nations themselves. There is

no need to hesitate in expressing that fact. Africans know it, and say it, for it has been a recurring theme in my many private discussions with African leaders.

The Southern African Dilemma

For more than a decade, leading Americans in all fields have expressed this nation's profound concern over racial injustice in southern Africa, and decried the serious potential of the issue for bringing large scale conflict to this region. As I have repeatedly made clear, I share the conviction that the United States cannot be indifferent to racial policies which violate our national ideals and constitute a direct affront to American citizens. As a nation, we cherish and have worked arduously toward the goal of equality of opportunity for all Americans. It is incumbent on us to support and encourage these concepts abroad, and to do what we can to forestall violence across international frontiers.

The United States can take pride in the measures it has taken to discourage a military buildup in the areas of minority rule. We have maintained our arms embargoes in those areas. We have stressed the need for self-determination in colonial areas. We have facilitated contact between the races, and underlined the fact that greater political and economic opportunity for Africans serves the true interests of all races. I detailed the steps we have taken in last year's Report. It is a record second to none among the major powers.

Americans alone, however, cannot solve the racial problems of southern Africa. The notion that one nation, however powerful or well-intentioned, can master the most intractable issues plaguing foreign societies belongs to a past era.

For our part, we look toward black and white *in Africa* to play the primary role in working toward progress consistent with human dignity. We support their efforts by:

- Encouraging communication between the races in Africa, and between African peoples and our own.
- Making known directly to the parties involved our views on their actions. My Administration will not condone recourse to violence, either as a means of enforcing submission of a majority to a minority or as a formula for effecting needed social change.

The situation today offers no grounds for complacency about the imminence of racial justice in southern Africa. It is, therefore, important that we continue to do everything we can to encourage respect for human dignity.

In South Africa, men continue to be demeaned for reason of their race, and to be detained and harassed for their views about official policy. But the outside world is witnessing with sober hope the suggestions of change inside South Africa, where questioning voices are being raised, examining both the premises and the results of that country's policies. Private companies, many of them American, are considering new ways to open opportunities for African workers. There is an imbalance between the needs of South Africa's active economy and her adherence to racial policies which deprive her of the growing pool of human talent which that economy requires. There is some hope in that anomaly.

In Southern Rhodesia, after six years of economic sanctions designed to end the rebellion against Britain, Rhodesia and British negotiators reached agreement in November on the terms of a proposed settlement. These are now being put before the people of Rhodesia whose choice it is whether to accept or reject them. We hope this process will set Rhodesia on the path toward racial equality.

In the Portuguese territories, development in some areas is overshadowed by guerrilla warfare and repression. By our words and actions, we have made clear our view that progress toward self-determination offers the best hope of a permanent and profitable Portuguese-African relationship.

In Namibia, South Africa continues to resist the efforts of the United Nations on behalf of self-determination. It rejects the 1971 holding of the International Court of Justice that South Africa is obliged to quit Namibia. We accept that holding and continue to discourage U.S. investment in Namibia. We seek to encourage peaceful ways of realizing and protecting the rights of the people of Namibia.

Some call for the United States to take the prime responsibility for the racial problems of southern Africa. Some want the United States to force upon the minority governments of southern Africa immediate and, if need be, violent change. I have indicated why I reject that position. Southern Africa contains within itself the seeds of change. We can and will work with others to encourage that process.

Our Expanding Relations with Africa

There is a growing depth and breadth to our relations with the Continent. Today, the unprecedented frequency of personal contact between American and African leaders reflects that fact. I visited Africa four times before becoming President, and was able to study at first hand and in considerable detail the problems as well as the progress being achieved.

Since 1969, I have met personally with the leaders of 14 African states. Both Vice President Agnew and Secretary of State Rogers have made extensive visits to Africa and have had contacts with African leaders that have been invaluable in setting the course of our African policies. A very special event occurred in January when, for the first time, the wife of an American President visited Africa officially. I was deeply gratified at the warmth of her reception in Liberia, Ghana, and Ivory Coast.

These exchanges have enabled me to confirm that a policy based on economic support, political restraint, and mutual respect serves us well. It accords with the high priority African leaders place on developing their economies. It accords with Africa's desire to be free of foreign political influence and Africa's need to avoid the diversion of resources inevitable if conflict comes to the continent. Finally, it accords with the growing realization of Africa's leaders and people that their destiny is in their own hands, where they want it and where it should be.

PART IV

AREAS OF TURBULENCE AND CHALLENGE

Indochina

Middle East

South Asia

INDOCHINA

Vietnam

"To end this war—but to end it in a way that will strengthen trust for America around the world, not undermine it; in a way that will redeem the sacrifices that have been made, not insult them; in a way that will heal this Nation, not tear it apart."

Address to the Nation
April 7, 1971

The essential international challenge when this Administration took office was to shape a new American role in the world, to share responsibilities in creative partnerships with our friends, and to move from confrontation to negotiation with our opponents. But as we set out on this road in January 1969, we faced the hard realities of a seemingly open ended war in Indochina.

- Five years of steadily rising American troop levels in Vietnam had brought our authorized strength there to 549,500.
- American combat deaths during 1968 had averaged 278 weekly.
- Americans were flying about 33,000 tactical air sorties each month in Indochina, including 18,500 in South Vietnam.
- U.S. monthly draft calls in 1968 averaged over 30,000.
- In mid-1969, roughly 40 percent of South Vietnam's rural population was under government control, with 50 percent contested and ten percent under the control of the other side. As the enemy's general offensives of 1968 demonstrated, the urban population of six million was by no means secure from attack.
- Straining under the burdens of war, the South Vietnamese economy was wracked by inflation running at a rate of 35–40 percent. There was little planning to overcome this problem, let alone to provide for long range economic development.
- The additional costs of the Vietnam War to the United States had reached \$22 billion a year.
- There was no comprehensive plan for lowering American involvement and no suggestion that American troop levels could be reduced. Indeed in September 1968, the then Secretary of Defense stated: "We have not yet reached the level of 549,500 in South Viet-

nam. We intend to continue to build toward that level. We have no intention of lowering that level, either by next June or at any time in the foreseeable future."

—The expanded Paris peace talks were just beginning and had settled only on procedures. There were no negotiating proposals on the conference table to end the conflict.

—Our domestic fabric was severely strained by dissent over the conflict, and increasing numbers of Americans were pressing for the extreme solutions of escalation or immediate disengagement.

How we dealt with this issue would be crucial to our efforts to shape a new role for America in the 1970's and beyond. Obviously we wanted to end the war. But we knew that the way we ended the war, or our involvement in it, would fundamentally affect our broader international effort.

There were no easy choices. Further escalation of our military efforts would deepen the divisions in our society, could not assure success in a conflict which was as much political as military, and could risk a wider war.

Continuing on the same path offered no clear prospect either of ending American involvement or of ending the war. Such a course could not have commanded American domestic support.

Precipitate disengagement, without regard to consequences, would have made impossible our efforts to forge a new foreign policy. It might have been domestically popular for a short term, but as its consequences became clear, the agony of recrimination would have replaced the agony of war. Overseas, this course would have shaken the trust of our friends and earned the contempt of our adversaries. We could not begin to build new partnerships by turning our back on people who had come to count on our support. And we could not set out to negotiate with adversaries by abandoning allies.

There were, however, two possible courses of action that would be internationally responsible and responsive to domestic opinion. The fastest and most decisive course was to negotiate a settlement to end the war for all participants. We progressively defined the terms of a settlement publicly and privately to Hanoi. This effort culminated in the comprehensive U.S.-South Vietnamese proposal which I made public on January 25, 1972.

However, we could not afford to rely solely on North Vietnamese willingness to reach a settlement. We needed an alternative. Thus we launched the process of progressively turning over defense responsibilities to the South Vietnamese and thereby reducing U.S. involvement. We also hoped this course would stimulate negotiation.

Progress in Vietnamization

We have come a long way.

- There has been a steady decline in American forces over the past three years, with over 400,000 of our troops withdrawn. The authorized American troop level on February 1, 1972 was 139,000. On January 13, 1972 I announced a further withdrawal which by May 1, 1972 will bring our forces down to 69,000, or an 87 percent reduction from the authorized level this Administration inherited.
- American combat deaths averaged 278 per week in 1968. In 1971, they were down to an average of 26, and in the last six months of 1971 were 11 per week. Close to 60 percent of all U.S. casualties during this Administration occurred in 1969, including 40 percent during the first six months—before our programs had a chance to take hold. Despite its vastly greater role in the war, South Vietnam's casualties have also dropped from the 1968 level.
- In 1971 Americans flew a monthly average of 11,000 attack sorties in Indochina, including only 1,500 in South Vietnam, representing declines of about 70 percent and 90 percent respectively of the comparable 1968 figures.
- Average monthly U.S. draft calls declined to 7,500 in 1971, one-fourth the 1968 figure.
- During 1971 the South Vietnamese army, up to 1.1 million from the 1968 level of 800,000, conducted twenty major combat engagements for every one involving U.S. forces. By year's end U.S. forces had shifted essentially to a defensive and base security role.
- In the countryside, at the close of 1971 approximately 73 percent of the rural population was under South Vietnamese government control, with 24 percent contested and 3 percent still in enemy hands. Added to the now secure urban population of 6 million, this represents over 80 percent of the total South Vietnamese population under GVN control.
- South Vietnamese economic reforms have reduced inflation to 15 percent annually, turned over more than 800,000 acres of land to tenant farmers, and laid the grounds for long range economic development.
- The additional costs of the war have steadily dropped and total \$8 billion in the current fiscal year, down by almost 65 percent from the costs three years ago.

This is the record of our Vietnamization policy. It has now effectively concluded the U.S. ground combat responsibility. Our other activities

are being transferred to the South Vietnamese. We are ending American involvement in the war while making it possible for those who do not wish to be dominated by outside forces to carry on their own defense.

Negotiations

We would greatly prefer to see the conflict end for Asians as well as for Americans. Thus we have pressed intensive secret negotiations since August 1969. The thirty-month record of these negotiations and the comprehensive peace plan that I announced on January 25, 1972, underline a fundamental aspect of our Vietnam policy: our first priority and our preferred solution has always been a negotiated settlement of the conflict.

Together with the South Vietnamese, we have always been prepared to make a generous settlement. We have hoped that the steady success of Vietnamization and the prospect of South Vietnamese self-reliance would give the other side an incentive to negotiate. Our objective has been to convince Hanoi that it had better prospects at the conference table than on the battlefield.

We knew from the beginning that the negotiations faced formidable obstacles. The North Vietnamese view negotiations as an alternative route to victory, not a compromise with opponents. For them, negotiations are a continuation of the military struggle by other means, rather than an effort to bridge the gap between positions.

The North Vietnamese have also calculated that they could achieve their aims through military pressures that would eventually cause the collapse of American domestic support and the unraveling of the political fabric in South Vietnam.

The gathering momentum of Vietnamization clearly faces our adversaries with the prospect of an increasingly stronger and self-reliant South Vietnam. Yet Hanoi chooses to fight on instead of seeking a negotiated settlement. Our sweeping proposals offer them a fair chance to compete for political power in South Vietnam. Yet they maintain their patently unacceptable demand that we guarantee a Communist takeover.

Unilateral Initiatives for Peace. Both the Communist side and other parties have suggested a long series of measures the U.S. should take to launch meaningful negotiations. We have taken nearly all of them. But each move on our part has only brought fresh demands from the other side.

—Thus, the bombing halt and the agreement to expand the Paris Peace Talks in 1968 were made on the assumption that genuine negotiations would take place at the talks. They never have.

- Thus, the U.S. not only agreed to the principle of withdrawal but actually began withdrawals of American troops. The response was that more substantial withdrawals were required.
- Thus, the U.S. continued withdrawals and has now brought home over three-quarters of our men. The response was that we should remove *all* our troops.
- Thus, we have agreed to remove all U.S. forces as part of an overall settlement. The response was that we should do so unconditionally.
- Thus, we offered an immediate ceasefire throughout Indochina which would end all U.S. military activities in the region. There has never been any positive response to this proposal.

Public Initiatives for Peace. In addition to these various unilateral measures, we have publicly offered a series of increasingly comprehensive negotiating proposals for an overall solution to the war.

On May 14, 1969 I proposed that all outside forces be removed from South Vietnam and that the South Vietnamese be allowed freely to choose their future through internationally supervised elections.

On July 11, 1969 President Thieu offered elections, with all parties including the NLF free to participate and to sit on a Mixed Electoral Commission.

On April 20, 1970 I spelled out the principles for a fair political solution.

- It must reflect the will of the South Vietnamese people and allow them to determine their own future without outside interference.
- It should reflect the existing relationship of political forces within South Vietnam.
- We will abide by the outcome of any political process agreed upon.

On October 7, 1970 in the hope of stimulating genuine negotiations, I presented a comprehensive proposal for an overall settlement.

- An internationally supervised ceasefire-in-place throughout Indochina.
- An Indochina Peace Conference.
- The withdrawal of all American forces from South Vietnam on a schedule to be worked out as part of an overall settlement.
- A political settlement in South Vietnam based on the principles that I had outlined on April 20.
- The immediate unconditional release of all prisoners of war.

Secret Initiatives for Peace. We were determined not to pass up any opportunity—public or private—to negotiate a settlement. Early

in this Administration, after ten months of no progress in the plenary sessions at Paris, I decided to establish a private and secret channel so that both sides could talk frankly, free from the pressures of public debate.

With the full knowledge and approval of President Thieu, my Assistant for National Security Affairs, Dr. Kissinger, traveled to Paris for secret meetings with the North Vietnamese on twelve occasions between August 1969 and September 1971. He met seven times with both Le Duc Tho, of Hanoi's political leadership, and Minister Xuan Thuy, head of the North Vietnamese delegation in Paris. He had five additional meetings with Minister Xuan Thuy.

The tone and spirit of our approach to these meetings were carefully designed to establish a framework for agreement. We made no take-it-or-leave-it proposals. We stressed our interest in a settlement they would genuinely want to keep. And, as our talks proceeded, we shaped our offers in response to their expressed preference for a comprehensive settlement. The following chronology is illustrative.

- On May 31, 1971 we offered a total U.S. withdrawal in return for a prisoner exchange and an Indochina ceasefire, leaving the other outstanding issues for subsequent resolution among the Indochinese parties themselves.
- In their response, the North Vietnamese insisted that political questions had to be incorporated in any settlement.
- On June 26, therefore, they tabled their own nine point plan, which included the demand for the removal of the Government of the Republic of Vietnam as part of any settlement. In order to speed negotiations, we agreed to depart from the approach of our May 31 proposal and to deal with the political as well as the military issues. In effect, we accepted their nine points as a basis for negotiation; and from that time, every American proposal has followed both the sequence and subject matter of the North Vietnamese plan.
- Five days later, on July 1, at the Paris Peace talks, the other side *publicly* presented another set of proposals—the National Liberation Front's Seven Points. On a number of issues the substance was the same, although the formulations were different. However, there were some points in each plan which were not in the other. The NLF plan focused on issues pertaining to South Vietnam, while Hanoi's secret proposal dealt with all of Indochina.
- We were thus faced with a secret proposal in a private channel, and a different public proposal in the open negotiations. On July 12 we asked the North Vietnamese which plan they wanted us to address. They replied they wished us to respond to their secret proposal. We

did so, and also incorporated in our reply some aspects of the public seven points which were not covered in the secret nine points.

—On July 12, and again on July 26, we went through each of the nine points, item by item, seeking to bridge the gap between our positions. We sought to shape an agreement in principle which both sides could sign, and then introduce into the public talks as the basis for a detailed negotiation of a final agreement.

In pursuing this goal, on August 16, we tabled a new eight point proposal:

—We offered to withdraw all U.S. and allied forces within 9 months of the date of an agreement. We suggested a terminal date of August 1, 1972, provided an agreement was signed by November 1, 1971.

—We made specific proposals to ensure a fair political process in South Vietnam based on a number of political principles meeting both North Vietnamese and NLF concerns. These included (1) total U.S. neutrality in Vietnamese elections; (2) acceptance of the outcome of their results; (3) limitations on foreign military aid to South Vietnam if North Vietnam would accept similar restrictions; (4) non-alignment for South Vietnam together with the other countries of Indochina; and (5) reunification on terms for the North and South to work out.

—I also gave my personal undertaking to request from the Congress, immediately after the signing of an agreement in principle, a five-year reconstruction program for Indochina.

—At the next secret meeting, on September 13, Hanoi turned down our proposal. They cited two main reasons. First, they said the interval before total withdrawal (9 months) was too long, and that we had been unclear about how we defined total withdrawal. Secondly, they rejected our political principles as insufficient. They repeated their demand that we replace the Thieu government.

We reflected on these two issues and consulted closely with President Thieu. On October 11, we conveyed to the North Vietnamese a new proposal in one more attempt to break the deadlock. We proposed a November 1 meeting with Mr. Le Duc Tho, or any other appropriate North Vietnamese political leader, together with Minister Xuan Thuy. They countered with a proposal for a November 20 meeting. We accepted.

On November 17, just three days before the scheduled meeting, the North Vietnamese advised us that Mr. Le Duc Tho was unable to attend the meeting. We responded that we stood ready to meet at any time with

Mr. Tho or any other member of Hanoi's political leadership, together with Minister Xuan Thuy.

Since that time there has been no response to our October 11 proposal or a suggestion for a meeting. It was that fact which finally led me to make our proposals public. We owed the American people an account of where we stood.

For we had paid a considerable price all those months for respecting the confidential nature of our private talks. The North Vietnamese themselves constantly berated us in public for not responding to the NLF's public proposal, even though they had asked us instead to respond to their private proposal, and we had done so. This propaganda tactic created a serious divergence between American public understanding and the factual situation. It led some Americans into believing that their Government was not doing all it should to reach a negotiated settlement.

Continued silence on our part would only have perpetuated the domestic confusion concerning our negotiating position and efforts. Moreover, by committing ourselves publicly and formally to a new plan, we could also erase any possible doubts Hanoi might have about our willingness to back up our private offers.

Our Eight Point Proposal. On January 25, President Thieu and I publicly offered a new eight point peace proposal which was presented in detail at the Paris Peace Talks two days later. Its main elements provide that, *within six months* of an agreement, there shall be:

- A complete withdrawal of all U.S. and allied forces from South Vietnam;
- An exchange of all prisoners throughout Indochina;
- A cease fire throughout Indochina;
- A new presidential election in South Vietnam.

The proposal also calls for respect for the Geneva Accords of 1954 and the Laos agreements of 1962; settlement by the Indochinese parties themselves of problems existing between them, including the role of North Vietnamese forces; international supervision, as necessary, of the agreement; and an international guarantee which could involve an international conference. I also reaffirmed our willingness to undertake a reconstruction program for Indochina, including North Vietnam.

The provisions of our proposal regarding the presidential election in Vietnam deserve special attention.

- The election would be organized and conducted by an independent body representing all political forces in South Vietnam, including

the National Liberation Front. This body would begin its work the day an agreement was signed.

—One month before the election, President Thieu and Vice President Huong would resign. The Chairman of the Senate would assume the administrative responsibilities of the government except for those pertaining to the election, which would remain with the independent election body.

—The election would be internationally supervised.

—All U.S. troops would be out of South Vietnam before the election.

We would remain completely neutral and support no candidate in the election. We would abide by its result, or the outcome of any other political process shaped by the South Vietnamese people themselves.

Because some elements could prove more difficult to negotiate than others, we indicated our willingness to proceed with the implementation of certain military aspects while negotiations continue on other issues. Thus, we are prepared to begin troop withdrawals and prisoner exchanges immediately upon signature of an agreement in principle, and to complete that process within the specified six-month period, provided final agreement has been reached on the other aspects of an overall settlement.

Alternatively we remain willing, as we proposed secretly last May, to settle only the military issues and leave the political issues to be resolved separately. Under this approach we would withdraw all U.S. and allied forces within six months, in exchange for an Indochina-wide ceasefire and the release of all prisoners.

The choice is up to Hanoi.

Our Peace Plan Is New, Comprehensive, and Flexible. Since the last private meeting in September we have essentially met all of Hanoi's proposals on military issues except the requirement that we withdraw equipment and cease our aid to South Vietnam. We and the South Vietnamese have offered every reasonable means of ensuring that the political process will be fair to all parties, and that the incumbent government will have no undue advantage. Past statements of principle have now been made specific. We have designed our formulations to meet the stated requirements of the other side; and we have made clear in our communications that we remain prepared to listen to additional suggestions from them. The following are *new elements* of our proposal.

—The U.S. and the other countries allied with the Republic of Vietnam offer a fixed date of six months for total withdrawal either as part of an overall agreement or an agreement on military issues alone.

- These withdrawals would take place *before* the withdrawal of other outside forces and *before* the new presidential election.
- President Thieu's secret offer to step down one month before the new presidential election is unprecedented; his willingness to make that offer public is an important political fact in itself.
- We are ready to accept limitations on military and economic aid to South Vietnam if North Vietnam will accept limitations on the nearly one billion dollars of aid it receives annually from its allies.
- We are prepared to undertake a massive $7\frac{1}{2}$ billion dollar five-year reconstruction program in conjunction with an overall agreement, in which North Vietnam could share up to two and a half billion dollars.

I believe the record of secret negotiations and our new peace proposals make unmistakably clear that we have been and are ready to conclude a fair settlement. The stubborn reality is that the North Vietnamese have blocked all possible openings so far. They have continued to insist not only that we withdraw unconditionally but that as we do we replace the present leadership in South Vietnam. They offer no political process except one that will ensure in advance that the Communists rule the South.

In our view, there is only one fundamental issue left—*will we collude with our enemies to overturn our friends? Will we impose a future on the Vietnamese people that the other side has been unable to gain militarily or politically? This we shall never do.*

So long as the other side insists on a settlement that is a thinly veiled formula for their takeover with our assistance, negotiations cannot succeed. If instead they are willing to compete fairly in the political arena in South Vietnam, they will find our side forthcoming in meeting their concerns.

Prisoners of War

No single issue has received greater attention or been the subject of more intense efforts in this Administration than the plight of our prisoners of war in Indochina.

About 1,500 of our armed forces and some 40 U.S. civilians remain captured or missing in territory held by North Vietnam and its allies. The other side is holding the prisoners of war under circumstances which violate humanitarian principles and the Geneva Conventions on POW's agreed to by North Vietnam. The enemy has refused to allow international inspection of its prisoner camps. It has refused to furnish to the International Red Cross or to other impartial agencies complete lists of the prisoners it holds. Moreover, it has provided no lists at all for the

prisoners it holds in South Vietnam, Laos and Cambodia. It has curtailed the regular flow of mail between the men and their families.

At the end of 1971 the other side finally released a large number of letters. They included the first evidence ever received that some of our men held in South Vietnam were still alive. While we welcomed this development, it also underlined the cruel and unnecessary anguish caused to American families by Hanoi's withholding for so long the fact that these men were alive.

Neither identifying all of our men held by the Communists nor providing their total numbers could have any military significance. It is their suffering and the anguish of their families which give them value as hostages for Hanoi and its allies. The requirements of international law and decency are clear; the Communist side stands in violation of universally accepted standards. Their policy has set a grim precedent.

This Administration has moved on many fronts to deal with this problem. Our basic position is that this issue should be treated on a humanitarian basis and separated from other military and political issues in the conflict. As I said in my peace initiative of October 7, 1970:

“The immediate release of all prisoners of war would be a simple act of humanity. But it could serve even more. It could serve to establish good faith, the intent to make progress, and thus to improve the prospects for negotiation.”

The plight of our prisoners has aroused the widest concern. There have been hearings and resolutions in the Congress. The International Red Cross has made known its concern. The United Nations has adopted a strong resolution calling for compliance with the Geneva Convention, and specifically proposing that seriously sick and wounded prisoners, and those held for long periods, be interned in neutral nations. Many governments have publicly offered such neutral internment, subject to the agreement of both sides. We regret North Vietnam's failure to respond constructively to these humanitarian moves.

In addition to our formal initiatives, the South Vietnamese have, with our support, taken a long series of unilateral steps in an attempt to prompt the early release of prisoners. Over the past five years they have released over 4,000 POWs in South Vietnam and some 250 to North Vietnam. Just in the last year and a half alone, South Vietnam initiated the following moves.

—On July 8, 1970 it returned 62 North Vietnamese sick and wounded prisoners to North Vietnam, along with 24 North Vietnamese fishermen who had been rescued in South Vietnamese waters.

- On October 8, 1970 the Government of South Vietnam joined in the U.S. proposal for the total and prompt release of all prisoners of war held by all sides.
- On December 10, 1970 it proposed the release of all North Vietnamese prisoners it holds in return for the release of all U.S. and free world prisoners and all South Vietnamese prisoners of war held outside South Vietnam.
- On January 24, 1971 it released 35 more North Vietnamese prisoners of war.
- On January 26, 1971 it offered to repatriate all sick and wounded POW's and called for similar action by the other side.
- On April 8, 1971 South Vietnam proposed that sick and wounded prisoners as well as prisoners held in captivity for a long period of time be interned in a neutral country, a proposal supported by the U.S. Government on the same date at the Paris Peace Talks.
- On April 29, 1971 South Vietnam offered to return 570 sick and wounded North Vietnamese prisoners to North Vietnam and to intern in a neutral country 1,200 North Vietnamese prisoners held four years or longer.
- On November 1, 1971 on the occasion of President Thieu's inauguration, it announced the freeing of almost 3,000 Viet Cong prisoners of war in South Vietnam.

We have reinforced these initiatives: special envoys, such as Astronaut Frank Borman and Postmaster General Blount, have gone abroad to seek support for proper POW treatment; a dramatic rescue attempt was made at Son Tay in November 1970.

We have explored all possible channels and all responsible means of gaining freedom for the men. I have reaffirmed my personal commitment. In meeting with a group of POW/MIA families on September 28, 1971, I told them:

“. . . I have considered the problem of obtaining the release of our POW's and missing in action as being one that has Presidential priority.

“I can assure you that every negotiating channel . . . including many private channels that have not yet been disclosed, have been pursued, are being pursued, and will be pursued. . . .”

Despite the other side's behavior thus far, this Administration will continue to use every means to press for proper treatment and prompt release of all Americans held in captivity. I have said that Americans in significant numbers will remain in South Vietnam until we secure the release of our imprisoned men.

At the same time, we will continue to work for a responsible settlement to the Indochina conflict which will give the people of that area the opportunity to determine freely their own future and speed the return of all our men to their families.

South Vietnam's Growing Capacity to Protect Itself

Public attention naturally has focused on the withdrawal of American forces, the transfer of combat responsibilities to the South Vietnamese and the resulting decline in American involvement. But this is only one aspect of Vietnamization; there are psychological, political, and economic dimensions as well as military ones.

The Vietnamization program in its broadest sense means establishing security and winning allegiance in the countryside; developing responsive political institutions; managing a war-torn economy and steering it toward longer range development. Progress in these efforts will determine South Vietnam's future.

As the withdrawal of most American forces from Vietnam has proceeded, we have seen to it that those remaining are not jeopardized by North Vietnamese efforts to build up their strength and launch new offensives. We continue to work closely with the other countries who have had troops in Vietnam: Australia, Korea, New Zealand, and Thailand. These nations are also withdrawing their forces as South Vietnam's defense capabilities grow.

Much of the progress in 1971 can be traced to the disruption of the enemy's network in southern Laos a year ago, just as similar operations in Cambodia two years ago accelerated Vietnamization in 1970.

Last year I recalled the purposes and the results of the joint U.S.-South Vietnamese operations against the North Vietnamese bases in Cambodia in the spring of 1970. They greatly reduced American casualties, inflicted extensive material and manpower losses on the enemy, ended the concept of immune sanctuaries, dislocated enemy supply lines and strategy, ensured the continuance of our troop withdrawal program, and bought time and confidence for the South Vietnamese armed forces.

In many respects the South Vietnamese incursions into Southern Laos, or LAMSON 719, in early February 1971 paralleled the Cambodian sanctuary operations of the previous year.

—Both operations were defensive in nature. The South Vietnamese pursued North Vietnamese forces only where they had been camped for years, attacking South Vietnam without fear of reprisal.

- On both occasions the purpose of the sweep was to cut enemy communications, destroy enemy supplies, and thus blunt the possibility of future enemy offensives during the following months. Without these operations the Communists would have had the option of launching major attacks on South Vietnamese and U.S. forces in 1970 and 1971.
- In both cases the very substantial impact was measured in following months by reduced enemy military activity in South Vietnam, accelerated Vietnamization and increased U.S. withdrawals. And on both occasions U.S. casualties declined sharply after the operations. During the six months before the Cambodian operations U.S. combat deaths averaged 93 a week; in the six months after they were 51. U.S. combat deaths before LAMSON 719 averaged 44 a week; afterward they averaged 26.

The one major difference between the Cambodian and Laos operations reflects the success of Vietnamization. Unlike the 1970 Cambodian sweeps, which included U.S. combat troops, LAMSON 719 was entirely conducted by South Vietnamese ground forces, with the U.S. strictly in a supporting role. The South Vietnamese mounted complex multi-division operations in difficult terrain, in adverse weather and against a well-prepared enemy.

LAMSON 719 thus underlined major progress. Three years previously the South Vietnamese were fighting enemy units in and close to South Vietnam's own population centers. Now they were dealing with the enemy threat in remote sanctuary areas, without the support of U.S. ground combat forces or advisers, and keeping their own territory pacified at the same time. I summed up the impact of the Laotian operations in my April 7 address to the Nation when I announced that the American withdrawal rate would be increased and that 100,000 more American troops would be brought home from South Vietnam by December 1.

The trends in South Vietnam since that time have remained positive. American casualties have declined further. We continued to step up the rate of American withdrawals during 1971. Enemy offensive activity in South Vietnam stayed low. The situation in the countryside has continued to show progress.

In coming months the enemy can be expected to pose maximum challenges to Vietnamization. At the turn of the year there were many signs that the enemy was preparing for major offensives, especially in the northern half of South Vietnam. As U.S. withdrawals cut our presence down to a minimum level, Hanoi would still like to discredit the rec-

ord of these past three years and shake the widespread confidence that the South Vietnamese can defend themselves.

Our friends are bound to suffer some isolated setbacks. But these should not distort the overall picture of growing self-sufficiency and security. We and the South Vietnamese are both confident of their ability to handle the North Vietnamese challenge.

By the close of 1971 the U.S. ground combat role was effectively completed. The year saw a constant advance toward the goal I discussed on April 7:

“As you can see from the progress we have made to date and by this announcement tonight, the American involvement in Vietnam is coming to an end. The day the South Vietnamese can take over their own defense is in sight. Our goal is a total American withdrawal from Vietnam. We can and will reach that goal through our program of Vietnamization if necessary.”

The Situation in the Countryside

No aspect of the conflict, and no measure of Vietnamization, is more important than the relentless, if unpublicized, struggle for the South Vietnamese living in the countryside, commonly called pacification.

Pacification involves the situation in rural areas in all its dimensions—physical security, popular allegiance, and the military, administrative, and political effectiveness of both sides. A successful pacification effort permits the villager to return to his land and improve his farm, confident that he will be able to harvest and market his crops in security.

During the past year, the South Vietnamese faced a crucial challenge: to keep up the momentum of pacification, while simultaneously taking over an increasing share of combat responsibilities as U.S. and other allied forces rapidly withdrew. In most areas, this challenge was met successfully.

To measure progress in the countryside we developed in 1969 complex criteria which weigh various factors indicative of control. The basic criterion, which we measure rigidly, is whether a hamlet has adequate defense and a fully functioning government official resident both day and night. Throughout this Administration we have also sent teams from Washington to South Vietnam to make candid on-the-scene assessments and verify reports from the field.

In mid-1969, our indicator showed roughly 40 percent of the rural population under South Vietnamese control, 50 percent contested, and 10 percent under the control of the other side. By the end of 1970 these percentages were respectively 65, 30, and 5.

We did not expect pacification to progress at the same rate in 1971. The remaining contested areas are those in which the other side is most firmly rooted, where the Communist infrastructure has been established for as long as two decades, and where enemy bases and infiltration routes are closest to the rural population. Nevertheless, in 1971 the South Vietnamese Government increased its control over the rural population from 65 percent to 73 percent. At year's end the Government's control was under 60 percent in only seven of the 44 provinces, compared with 15 provinces in December 1970. Government control was over 80 percent in 20 provinces compared with nine a year earlier.

Over 80 percent of the total population of South Vietnam, including the six million urban dwellers and eight million in rural areas, is under effective Government control.

Despite the substantial overall progress in pacification, there were also some setbacks. The percentage of the rural population under uncontested Government of Vietnam control declined in five of the seven most northern provinces, closest to the enemy's staging areas in North Vietnam and Laos. We hope that the formation of an additional division in the northern sector and other recent steps by the Government will reverse that trend.

More South Vietnamese now receive government protection and services than at any time in the past decade. A majority of the population has participated in national and local elections. Rice production has risen to the highest level in history. A major land reform program has resulted in distribution of more than 850,000 acres of land to over 275,000 farm families.

And perhaps most significantly of all, the government has the confidence to hand over nearly 600,000 weapons to peasants who serve as a local militia, the People's Self-Defense Forces. A government unpopular with its people would never dare to arm them.

These are the actions of a government that is increasingly sure of allegiance and taking the steps to deserve that allegiance.

Political Development

In last year's Report I pointed out that the political dimension was crucial for South Vietnam's future and would take on increasing importance as the military efforts wound down. Noting the upcoming Presidential and lower house elections, I said that, "1971 will show the extent of political development in South Vietnam."

The results this past year have been mixed. There are areas in which political freedom and development still need to be advanced in South

Vietnam. And the cohesiveness of the non-Communist political forces remains to be tested.

But this should not obscure some fundamental facts. In just a few short years, South Vietnam has made remarkable progress building toward democracy in the midst of a war. The past four years have been characterized by basic political stability in South Vietnam rather than the turbulence of the previous period. The Constitution is proving effective, and participation in the political process is broadening.

A consistent political evolution has taken place in the period since the election of a Constitutional Assembly in 1966 and of the President and a National Assembly in 1967. The numbers of voters and candidates participating has been exceptionally high in the numerous national and local elections held during the last five years, despite the announced Communist intent to disrupt elections and to attack candidates. Over 95 percent of the elections for hamlet chiefs and village councils have been completed. Councils have been elected in all provinces and municipalities.

This trend was furthered in the August 1971 national elections for South Vietnam's lower house. There was lively competition, and 78 percent of the eligible voters turned out. As in the Senate elections a year earlier, where an opposition slate led the returns, groups critical of the Government won significant victories and increased their substantial representation in the Legislature, a fact that attests to the fairness of these contests.

More international attention was devoted to the South Vietnamese presidential election in October 1971. We hoped that this election would be vigorously contested. We have stressed the concept of free choice in South Vietnam. We believed that a contested election would leave the resulting South Vietnamese Government in a stronger position than an unopposed victory. We had an obligation to make our views known, publicly and privately. We emphasized our view that there should be more than one candidate, and we worked diligently to encourage opponents of President Thieu to remain in the race.

But at this stage in South Vietnam's political development, a contested election depends upon the personal motives and calculations of individuals. South Vietnam lacks well established political parties capable of guaranteeing alternative candidates. The interplay of personalities and circumstances in South Vietnam last year simply failed to produce a contest. Some observers believed that President Thieu's use of governmental powers was primarily responsible. Others believed that opponents deliberately chose to embarrass President Thieu rather than contest an election they expected to lose in any case.

We were disappointed that the election was uncontested; but we rejected the view that we should intervene directly or cut off aid to South Vietnam. In the final phases of American involvement, we were determined to avoid the practices which helped produce our involvement in the first place.

We thus preferred the disappointment of an uncontested election to the probably fatal mistake of attempted manipulation of the South Vietnamese political scene. In the final analysis, it is to the credit of the South Vietnamese—opponents as well as supporters of the regime—that they emerged from a trying and uncertain summer with their political stability and constitutional structure intact. Despite its remaining problems, South Vietnam's political development contrasts favorably, indeed, with North Vietnam, where there are no true elections at all.

Economic Development

A sound Vietnamese economy is crucial for political stability and a viable government. Last year I recounted the successful efforts of the South Vietnamese to brake the rampant inflation that had plagued that nation for years. This effort was continued in 1971. Further actions were taken to lay the groundwork for long range economic development.

The achievements in 1971 were especially striking, in view of the need to support a large military establishment and the dislocations resulting from large U.S. troop withdrawals.

- Domestic tax receipts increased 25 percent.
- Prices increased less than 15 percent.
- Production of rice, lumber, fish and textiles rose.
- New plants were built to produce textiles, plywood, electric power, plastic products and flour.

On November 15, in his first address to the legislature after his inauguration, President Thieu made economic development and eventual economic self-sufficiency major national goals. He announced comprehensive economic reforms to increase savings and investment, to raise domestic tax collections, and to encourage exports, industrialization and private foreign investment. The program included a major devaluation of the piaster, a difficult but essential step.

It is a courageous undertaking to move forward rapidly on development when almost half of the country's able-bodied men are needed for the military effort and the costs of security impose a tremendous burden on the economy. The Vietnamese look to their friends to assist them in their development efforts.

We had hoped to respond promptly by diverting some assistance funds in 1972 to support Vietnamese development. The unwise Congressional reduction of foreign assistance funds has hampered this effort. In the current budget, I am requesting funds specifically for economic development in Vietnam.

South Vietnam will continue to need substantial U.S. support to fill the gap between government revenues and defense costs. This form of U.S. assistance can be reduced over the next several years as the program for internal development takes hold and the economic and tax reforms yield larger revenues. We must not expect instantaneous results, however, so long as the South Vietnamese are forced to devote a major portion of their national effort to defending against North Vietnamese aggression.

South Vietnam has been plagued with war for three and a half decades. It remains a poor country with per capita income of less than \$150. But it has rich potential and an industrious people. The ending of hostilities would allow the full utilization of these resources. We stand ready to assist all Vietnamese in peaceful development.

Remaining Problems

Each of the past three years has shown accelerating progress in Vietnam. However, we are under no illusions about the stubbornness and gravity of the remaining problems.

—Breaking the Negotiating Impasse. A negotiated settlement remains the quickest and most humane way to end the conflict. It holds out the only real promise that the war will soon cease for Asians as well as for Americans, for Laos and Cambodia as well as for Vietnam. However, three years of unilateral moves, secret talks, negotiating proposals, and Vietnamization progress have failed to induce the other side to join with us in settling the struggle at the conference table. We have reduced the issues to a single crucial question: will the political future of South Vietnam be imposed by outsiders or will it be competitively shaped by the South Vietnamese? The other side has consistently been unyielding on this political issue. We will nevertheless continue our efforts, in any promising forum.

—Retrieving Our Men. Either as part of an overall settlement, or through other means, we shall secure the release of American prisoners held throughout Indochina. The other side continues to exploit this issue and to manipulate the sentiments of the American people. Hanoi has demonstrated that it will try to extract maximum advan-

tages by using our men as bargaining pawns. So long as they hold our men there will be American forces in South Vietnam. We will pursue every honorable path until we succeed in returning these prisoners to their families.

—**Completing the Transfer of Defense Responsibilities.** Last year brought the effective conclusion of the American ground combat role in South Vietnam. The South Vietnamese assumed that burden, and a steadily increasing share of all other responsibilities in the conflict. The remaining problems include completion of the transfer of air and logistic support to the South Vietnamese; improving the pacification situation in the northern provinces; building more cohesive non-Communist political forces; and setting in train the long term development of South Vietnam.

Major tests can be expected in coming months. Only the sustained will of the South Vietnamese can meet that challenge. As we complete the Vietnamization process, we will need the continued understanding of the American people to finish the process which has brought us so far, to redeem our sacrifices, and to contribute to the building of a more stable peace.

Laos and Cambodia

Vietnam is the central theater in what is, in fact, a wider war. For Hanoi has made the war an Indochina conflict by spreading its troops throughout the peninsula.

In 1971, with their position deteriorating in South Vietnam itself, the North Vietnamese continued, and have now stepped up, their aggression in Laos and Cambodia. Hanoi maintains over 60,000 troops in Cambodia and more North Vietnamese troops in Laos, some 100,000, than in South Vietnam.

The situation in Laos and Cambodia are similar in many respects:

- Both of these countries have totally defensive military establishments; neither poses any conceivable threat to North Vietnam.
- The neutrality, independence, and territorial integrity of both countries have been inscribed in international agreements which Hanoi signed, but contemptuously ignores.
- North Vietnamese troops for years have used both countries as infiltration corridors, staging bases, and sanctuaries for attacks against South Vietnam.
- North Vietnam continues to threaten the legitimate governments in both countries in order to further its attacks on South Vietnam, but also perhaps with the intention of taking Laos and Cambodia themselves.

- The overwhelming numbers of North Vietnamese troops in both countries strip away any pretense that the conflicts in Laos and Cambodia are civil wars.

The Lao and Cambodian governments have tried to restore their independence and neutrality through diplomatic means; failing that, they have been forced to turn to their friends for support of their defense. The United States and other nations have responded to their requests for assistance. We have supported both diplomatic efforts to bring peace to Laos and Cambodia, and defensive military efforts in the absence of a settlement.

On the diplomatic front, we have always backed the efforts of Lao Prime Minister Souvanna Phouma—the neutralist leader supported by Hanoi at the time of the 1962 Geneva Accords—to reinstitute those Accords. In Cambodia we long tolerated a difficult military situation and we encouraged negotiations when Prince Sihanouk was first deposed by the National Assembly in March 1970.

Our negotiating proposals on Vietnam have consistently been addressed to the broader Indochina context. In the face of North Vietnam's refusal to address these problems at the conference table, we have continued the policies of previous Administrations in extending military and economic support to the Royal Lao Government. We have provided military assistance for Cambodia since the spring of 1970, when North Vietnamese troops moved out of the border sanctuaries and extended their operations into broader areas of Cambodia.

Our constant objectives in both countries have been to ensure the momentum of Vietnamization and our withdrawals, to protect American and allied lives, and to help maintain the precarious balance within these two countries as they fight to restore their independence and neutrality.

In both countries our activities are limited, requested, supportive, and defensive.

Laos and Cambodia Provide for Their Own Defense. In Laos, government forces continue to offer a tenacious defense despite years of combat against a numerically superior enemy. The struggle there ebbs and flows on a seasonal basis. The Laotian conflict is, in effect, two wars. In the north, North Vietnamese troops maintain pressure on the very government which Hanoi helped to create in 1962. In the south, the enemy concentrates on expanding and protecting the Ho Chi Minh trail complex which is vital to its military strength in South Vietnam and Cambodia.

The Cambodian Government, faced with the assault on its independence, has rallied the population to the cause of national survival. From

a lightly-equipped and largely ceremonial force of 35,000 men in 1970, the Cambodian army has now grown to approximately 200,000, for the most part volunteers.

The army has fought bravely, but it lacks training, equipment, and experience. And it faces over 60,000 well-equipped North Vietnamese troops, hardened and experienced by years of war.

Despite the measures which they are taking in their own defense, these two countries are clearly no match for a much larger North Vietnam, and they must have external assistance to survive. It would be a grim development indeed if these two small nations, so clearly the victims of external aggression, were overwhelmed because of restrictions placed on American and other allied aid while North Vietnam continued to receive the full backing of its own allies.

Neither country has requested the deployment of U.S. troops. They are manning the front lines. Thus, there are not—and there will not be—any U.S. ground combat troops in either country.

Together With Other Countries, We Provide Military And Economic Assistance. In Laos, this remains as outlined in my comprehensive report of March 1970—military aid for regular and irregular Lao forces when requested by the Lao Government; reconnaissance flights and air operations to interdict North Vietnamese troops and supplies on the Ho Chi Minh Trail; logistic and air support for Lao forces when requested by the Government. We also provide economic assistance to control inflation, support essential Government services, and assist economic development.

In Cambodia, we have given military assistance since April 1970 and economic assistance and PL 480 programs since March 1971. With the approval of the government we are also conducting air interdiction missions against enemy personnel and supplies that are, or can be, used in offensives against American and allied forces in South Vietnam.

South Vietnam Has Mounted Defensive Operations Against North Vietnamese Forces in Their Laotian and Cambodian Base Areas. I have already described the purposes of these operations and noted the increasing South Vietnamese capabilities that they have demonstrated. In Cambodia, operations are at the request of the Government and serve to relieve enemy pressures against Cambodia as well as South Vietnam. In Laos, the South Vietnamese operations were strictly limited in objective and duration.

It is senseless to claim that these operations against enemy sanctuaries serve to widen the Vietnam war. Not a single South Vietnamese soldier has gone anywhere except where tens of thousands of North Vietnamese

troops have been entrenched for years, violating one country's territory to attack another. It is Hanoi which widened the conflict long ago.

As I said in last year's Foreign Policy Report:

"The arguments against South Vietnam's defensive actions suggest that Hanoi has the right—without provocation and with complete immunity—to send its forces into Laos and Cambodia, threaten their governments, and prepare to bring its full strength to bear on South Vietnam itself.

"The choice for South Vietnam is not between limiting and expanding the war. It is between what it is doing in self-defense and passively watching the menace grow along its borders."

The presence and activities of North Vietnamese troops in Laos and Cambodia are indefensible. Nevertheless, we can expect the Lao and Cambodian peoples to be subjected to additional attacks as Hanoi pursues its aims in the region. These countries ask nothing but to be left alone to shape their own destinies. They have demonstrated their courage, and their determination to try to provide for their own defense. Together with others, we shall continue to provide the support that will help to sustain them in their struggle.

* * *

I once again appeal to the other side to join in the search for peace in Indochina. Proposals now on the negotiating table could end this conflict on a basis that would respect the sacrifices of all participants.

It is long past time to still the sound of war, to return the men of both sides to their families, and to devote the energies of all to the fruitful tasks of peace.

MIDDLE EAST

"What I am saying to you today is not that I predict a Mid-eastern settlement. I do say that it is in the interests of both major powers, the Soviet Union and the United States, not to allow that very explosive part of the world to drive them into a confrontation that neither of them wants, although our interests are very diametrically opposed in that part of the world—except our common interest in not becoming involved in a war."

Media Briefing
Rochester, New York
June 18, 1971

Soon after taking office, I pledged that we would "pursue every possible avenue to peace in the Mideast that we can."

An end to the perpetual state of crisis in the Middle East would be a major contribution to the stability of global peace. It would free energies and resources for the building of a better life for the people of the area. It would reduce the danger of a new clash and spreading war. It would remove a major obstacle to the fuller development of productive ties between the countries of the region and the outside world.

I also pledged that the United States would now assume the initiative. Inaction was unlikely to promote peace; it was more likely to allow the situation to deteriorate once again into war as it did in 1967. It was our responsibility to engage actively in the search for a settlement, in full awareness of the difficulties we would face.

In 1971, the danger of war was contained, although the risk remained high. New approaches to a settlement were explored, although up to now without result.

- The ceasefire between Israel and its neighbors, brought about by our initiative the previous year, endured through 1971. It has now lasted 18 months. It was in the interest of each side to maintain it, and to make it possible for the other side to do so.
- Efforts to achieve an overall Arab-Israeli settlement lost momentum. Egypt and Israel, with our help, then explored the possibility of an interim agreement—a set of concrete steps toward peace which did not require addressing all the issues of a comprehensive settlement at the outset.
- Despite our restraint in our military supply policy, substantial new Soviet pledges and shipments of arms to Egypt continued the arms

race. At the end of the year I felt obliged to reiterate that the United State would not allow the military balance to be upset.

—The USSR continued to build up its own military facilities in Egypt and to station increasingly sophisticated weaponry there.

In the Middle East, as elsewhere in Asia and Africa, the essential problem of peace in the 20th century has been to shape new patterns of order. The postwar period—the first generation of independence in most of the Middle East—has seen continual turmoil. If this is to give way to a new era of stability, new relationships must be shaped—accommodating national aspirations, fulfilling hopes for social progress and providing a structure of security.

The obstacles today are many.

Local tensions in the Middle East periodically threaten to break into open conflict. The Arab-Israeli conflict is foremost among these. But there are others. In the Persian Gulf, the special treaty relationships between Britain and some of the sheikhdoms ended in 1971; the stability of new political entities and structures remains to be consolidated. On Cyprus, the Greek and Turkish Cypriot communities have still not found a durable formula of reconciliation. Rivalries—personal, religious, ethnic, economic, ideological, and otherwise—divide the Islamic world. The Palestinian people, dispersed throughout the Arab world, continue to press their struggle for a homeland on the consciences and policies of Arab governments, exacerbating tensions within and among Arab countries and with Israel. Stable and moderate governments are threatened by subversive movements, some aided and supported from outside.

The competitive interests of the great powers are a further source of tension, adding to local instabilities and posing the risk of wider and more dangerous conflict. As I wrote in February 1970: “One of the lessons of 1967 was that local events and forces have a momentum of their own, and that conscious and serious effort is required for the major powers to resist being caught up in them.” There must be understandings on the part of the great powers, tacit or explicit, on the limits of acceptable behavior.

In the Middle East, new relationships with the world outside are developing. There are temptations for some great powers to exploit these relationships, to increase their military involvement or to obstruct peace-making efforts in the quest for unilateral political advantage in the region. This only fuels local tensions, with consequences transcending the issues in the local dispute. But there are also opportunities for the great powers to contribute cooperatively to the search for Middle East peace, and thereby to further the constructive trends in their own global relations.

A secure peace in the Middle East requires stable relations on both levels—accommodation within the region and a balance among the powers outside.

Arab-Israeli Settlement

The greatest threat to peace and stability in the Middle East remains the Arab-Israeli conflict. Last year saw a new approach to beginning negotiations. This negotiating process has not yet produced results. But the United States undertook its major diplomatic effort of the past three years with no illusions about the obstacles in the way of a settlement.

It is one of the ironies of history that the 20th century has thrown together into bitter conflict these two peoples who had lived and worked peacefully side by side in the Middle East for centuries. In the last fifty years, and particularly since independence, they have been locked in incessant struggle. The Arabs saw the new State of Israel as an unwanted intruder in an Arab world and the plight of the Palestinian refugees as an historic injustice; to the Israelis, refugees of a holocaust, survival was more than a cliche of political rhetoric. To negotiate a peace between these two peoples requires overcoming an extraordinary legacy of mutual fear and mistrust.

The Israelis seek concrete security. To them this means more than an Arab offer of formal peace; it means Arab willingness to let Israel exist on terms which do not leave it vulnerable to future reversals of Arab policy. To Israel, security will require changes in its pre-1967 borders, as well as such additional protection as demilitarization and international guarantees might provide. Israel points out—and cites the recent war in South Asia as an example—that a formal state of peace does not by itself assure security, and that international guarantees are no substitute for the physical conditions and means for security. In the absence of a settlement negotiated by the parties without pre-conditions, Israel continues to hold the territories captured in the 1967 war.

The Arabs, on the other hand, want advance assurance that all the captured territories will be returned. They also seek a just settlement of the grievances of the Palestinians. Some Arab governments have said that they are prepared to accept Israel as it was between 1949 and 1967, but that any enlargement of Israel beyond that is intolerable and implies Israeli expansionist designs. Thus they resist any changes in the pre-war borders. In the meantime, the Arabs feel they cannot allow the situation to become frozen; they stress their determination to struggle as long as Israel holds Arab lands.

This seemingly vicious circle is the objective difficulty which has stood in the way of a settlement. Two approaches to break this impasse have been tried.

- One way has been to attempt to gain all the major mutual assurances required—peace for Israel, the territories for the Arabs—as the first stage in a negotiation. This approach has characterized most of the peace efforts since 1967. Some outside party or group—Ambassador Jarring, the special representative of the UN Secretary General; the Four Powers; or the U.S. and USSR—has tried to develop formulae containing sufficient commitments by each side to give the other hope of achieving what it wants in a negotiation.
- A second route, tried for the first time in 1971, is to begin a process of negotiation without pre-arranged commitments on the fundamental issues. The hope would be that an interim agreement, or the momentum of the bargaining process itself, would create conditions facilitating the more basic settlement.

The Search for a Comprehensive Solution. From 1969 to early 1971, the quest for peace in the Middle East was a search for a formula for a comprehensive political solution. The agreed and accepted framework was, and remains, UN Security Council Resolution 242 of November 22, 1967. The effort went through two distinct phases.

In 1969 the United States first undertook to engage other powers in the negotiating effort. We did not feel that the U.S. alone should assume exclusive responsibility for making and keeping peace in the Middle East. First responsibility, of course, lay with the parties to the conflict. But it was also true that the Soviet Union and other powers with interests in the region would have to accept some responsibility, or else no structure of peace would last. We therefore conducted talks bilaterally with the USSR, and at the UN together with the USSR, Britain, and France, searching for a formula which all sides could accept as a starting point for negotiation. The Soviets turned that effort aside at the end of 1969. Tensions in the area increased sharply in the spring of 1970, with frequent and serious military clashes between Israel and Egypt and stepped-up activity by Palestinian guerrillas.

In the second phase, in response to that renewed tension and to the Soviet Union's apparent loss of interest in further cooperative effort, the U.S. decided by June 1970 that it had no responsible choice but to try on its own to break the spiral of violence. We could not stand by and watch the situation deteriorate into war. We therefore took a major initiative. We invited Israel and the Arabs to "stop shooting and start talking." We proposed a ceasefire and military standstill, to pave the way for

a renewed effort at negotiation. The parties accepted our proposal in August. The autumn of 1970, however, was absorbed in dealing with new conflicts—the Soviet-Egyptian violations of the standstill agreement, and the breakdown of domestic order in Jordan and the invasion of Jordan by Syrian forces in September.

In January 1971, Ambassador Jarring finally began discussions with both Israel and Egypt on launching negotiations. He sought assurance from Egypt and Israel that negotiations could proceed on the basis of (a) an Israeli "commitment to withdraw its forces from occupied United Arab Republic territory to the former international boundary between Egypt and the British mandate of Palestine", and (b) an Egyptian "commitment to enter into a peace agreement with Israel". Egypt gave a qualified commitment to this effect. Israel was willing to enter talks looking toward agreement on secure and recognized borders but not to agree in advance to withdraw to the former international border. Ambassador Jarring's effort lost momentum at the end of February.

The Search for an Interim Agreement. Attention then turned to another approach—an interim step toward peace in the form of an agreement for reopening the Suez Canal and a partial withdrawal of Israeli troops. This idea, which had been suggested publicly by both Israeli and Egyptian officials, was explored by the Secretary of State in May 1971 during his trip to the area and through subsequent diplomatic contacts. By autumn we had identified six principal issues in this negotiation:

- The relationship between an interim agreement and an overall settlement;
- Duration of the ceasefire to preserve a tolerable climate for ongoing talks;
- The extent of withdrawal of military forces from the Canal;
- The nature of supervisory arrangements;
- The nature of the Egyptian presence east of the Canal; and
- The use of the Canal by Israel during the period of an interim agreement.

These were not technical questions. To the parties, they went to the heart of the basic issues of security and peace. An interim agreement, for example, is acceptable to Egypt only to the extent that it implies or is linked to final recovery of all the occupied territories. But to Israel an interim agreement is acceptable only if it does not confirm that territories will be restored without negotiation on secure borders. The interim approach, however, offers hope only if it can make progress on concrete steps. But it can make such progress only if it can somehow put aside temporarily the two sides' fundamental differences regarding the final

settlement. The more ambitious the proposed formula for an interim agreement, the more it risks foundering over those very differences.

Throughout all these negotiations, each side has sought to influence the other's negotiating position by increasing its own military strength. I have stated on several occasions in the past year that an arms balance is essential to stability but that military equilibrium alone cannot produce peace. The U.S. has demonstrated its commitment to maintaining a military balance that can serve as a foundation for negotiation, but we have also made intensive efforts to start peace negotiations. We have no other choice. A settlement is in the basic interest of both sides, of the United States, and of world peace.

The Need for Great Power Restraint

The Arab-Israeli conflict is not in the first instance a U.S.-Soviet dispute, nor can it be settled by the global powers. But it is clear that the posture of the major powers can facilitate or inhibit agreement. Their arms can fuel the conflict; their diplomatic positions can make it more intractable; their exploitation of tension for unilateral gain can foment new crises. Hopes for peace will be undermined if either the U.S. or the USSR feels that the other is either using a negotiation or delaying a settlement to improve its political position at the expense of the other.

In this regard, the Soviet Union's effort to use the Arab-Israeli conflict to perpetuate and expand its own military position in Egypt has been a matter of concern to the United States. The USSR has taken advantage of Egypt's increasing dependence on Soviet military supply to gain the use of naval and air facilities in Egypt. This has serious implications for the stability of the balance of power locally, regionally in the Eastern Mediterranean, and globally. The Atlantic Alliance cannot ignore the possible implications of this move for the stability of the East-West relationship.

This is but one example of the consequences of the failure of the U.S. and USSR to reach some general understanding on the basic conditions of stability in the Middle East. Fundamental interests of the major powers are involved and some measure of disagreement is inevitable. Neither great power would succeed in helping the parties reach a settlement if its efforts ran counter to the interests of the other, or if the other refused to cooperate.

This was the rationale of our dialogue with the USSR on the Middle East in 1969. Those talks unfortunately foundered because of two developments.

- The Soviet Union tried to draw a final political and territorial blueprint, including final boundaries, instead of helping launch a process of negotiation. We envisioned that boundaries could be drawn in the course of such a process to make them more secure, though it was our view that changes would not be substantial. In the fall of 1969, we reached an understanding with the USSR on a possible procedure for indirect Arab-Israeli talks. In December 1969, the Soviet Union changed its mind on this understanding.
- The Soviet Union applied its energies in early 1970 to a major military buildup in Egypt, which further delayed negotiation. Egypt's "war of attrition" along the Suez Canal had grown in intensity and Israel had responded with air raids deep into Egypt. The Soviets thereupon deployed in Egypt some 80 surface-to-air missile installations, several squadrons of combat aircraft with Soviet pilots, 5,000 missile crew members and technicians, and about 11,000 other advisers. This buildup continued through the summer of 1970, and Soviet personnel were directly involved in violations of the standstill agreement of August 7. Israel refused to negotiate until the violations were rectified. The U.S. provided Israel with means to cope with this situation. The Soviets since that time have introduced into Egypt SA-6 mobile surface-to-air missiles and the FOXBAT and other advanced MIG aircraft. Most recently they have reintroduced TU-16 bombers equipped with long-range air-to-surface missiles. Much of this equipment was operated and defended exclusively by Soviets.

The Soviet Union has an interest in avoiding major conflict in the Middle East. We hope the Soviet Union understands that it can serve this interest best by restraint in its arms supply, refraining from the use of this dispute to enhance its own military position, and encouraging the negotiation of a peace.

Issues for the Future

The urgent necessity, of course, is to find a way to an Arab-Israeli settlement.

- At a minimum, the ceasefire must be maintained if the climate for negotiations is to be preserved. Progress in negotiations, in turn, would provide valuable additional incentive for choosing political instead of military solutions.
- The military balance must not be allowed to tempt one side to seek an easy victory or panic the other side into a move of desperation. An

end to the arms race, of course, would be the best hope for a stable balance over the longer term.

- Maintaining the military balance, however, is not by itself a policy which can bring peace. The search for an overall Arab-Israeli settlement will continue under Ambassador Jarring's auspices. Our efforts to help the parties achieve an interim agreement will also continue, as long as the parties wish. The interim approach, if it is to succeed, must find a way to make progress on practical and partial aspects of the situation without raising all the contentious issues that obstruct a comprehensive solution.
- The U.S. and the USSR can contribute to the process of settlement by encouraging Arabs and Israelis to begin serious negotiation. The great powers also have a responsibility to enhance, not undermine, the basic conditions of stability in the area. Injecting the global strategic rivalry into the region is incompatible with Middle East peace and with detente in U.S.-Soviet relations.

Peace would free the energies and resources of the Middle East for the more fruitful enterprises of economic and social development. The United States looks hopefully toward a new era of constructive and mutually beneficial relations with all the nations and people of the area. The realization of these hopes—theirs and ours—depends on the achievement of peace.

SOUTH ASIA

"I shall never forget the conversation I had with Prime Minister Nehru . . . when I was Vice President. On that trip around the world of 73 days, in 20 countries, I asked every head of government and state what he wanted most for his country. Some said roads; others said industrial development; others said better agricultural development; others said education. Prime Minister Nehru did not answer in that way. He thought a moment, and he said, 'What India needs, what the world needs, is a generation of peace.' "

Remarks at a Dinner
Honoring the Prime Minister of India
November 4, 1971

The United States made a determined effort throughout 1971 to prevent a war in South Asia and to encourage a political solution. We did not succeed.

A year ago I described the broad objectives of United States policy in South Asia:

"Our aim is a structure of peace and stability within which the people of this region can develop its great potential and their independent vision of the future. Our policy is to help these nations deal with their own problems, and to bring our activity into a stable balance with that of the other major powers with interests in the area."

This structure of regional peace broke down in 1971.

The United States has had an enduring interest in the security, independence, and progress of both India and Pakistan. On my visits to their capitals in the summer of 1969, in my two previous Foreign Policy Reports, and on many other occasions, I have expressed my strong personal interest in warm relations with both countries. There have been fluctuations in our political relationships over the years—from our earliest ties with Pakistan in SEATO and CENTO, to our defense cooperation with India after the 1962 border war with China, to the Nixon Doctrine's posture of balance and restraint. But our fundamental interests and ties have been constant.

—India is a great country, a free and democratic nation, in whose future as a model of progress for the developing world the United States has invested its hopes and resources. India has been by far

the principal beneficiary of U.S. development assistance—to the extent of approximately \$10 billion since its independence. In Fiscal Year 1971, this Administration provided \$540 million, or approximately two-thirds of the world's net development aid to India.—The United States has long maintained a close tie also with Pakistan. Since its independence we have contributed almost \$4 billion to its economic development.

In 1971, these constructive relationships and shared hopes for progress were shaken by war.

United States Policy in the Emerging Crisis

The crisis began as an internal conflict in Pakistan. Pakistan's elections in December 1970 gave a majority in the National Assembly to the Awami League, a movement seeking substantial autonomy for the Bengalis of East Pakistan. When negotiations between the Government and the League on a formula for autonomy broke down at the end of March 1971, the Government ordered the army to suppress all separatist opposition. The League was banned; its leader, Sheikh Mujibur Rahman, was jailed for treason. As the army's campaign advanced in East Pakistan through spring and summer of 1971, countless thousands were killed, civil administration crumbled, famine threatened, and millions left their homes and fled to India.

The United States did not support or condone this military action. Immediately, in early April, we ceased issuing and renewing licenses for military shipments to Pakistan, we put a hold on arms that had been committed the year before, and we ceased new commitments for economic development loans. This shut off \$35 million worth of arms. Less than \$5 million worth of spare parts, already in the pipeline under earlier licenses, was shipped before the pipeline dried up completely by the beginning of November.

The crisis quickly acquired an international character. The flood of refugees was a tremendous burden on India's scarce resources and a threat to political stability in the Indian states into which the refugees poured. With support from India, a guerrilla movement developed in East Pakistan. Both countries moved their military forces to their common borders, and tensions mounted dangerously between them.

It was a foregone conclusion that if war broke out, India would win. But in our view war was neither inevitable nor acceptable.

We realized full well that there were objective limits to what the United

States could do. South Asia was a region in which we had no preeminent position of influence. Tensions between Hindus and Moslems, and among the many feuding ethnic groups in this subcontinent of 700 million people, had endured for centuries. Nevertheless, because of our ties with both countries, in 1971 we were the only great power in a position to try to provide a political alternative to a military solution.

There were three levels of the crisis, and the United States addressed them all:

- The humanitarian problem of the Bengali refugees in India and the millions who remained in East Pakistan facing chaos and the threat of famine;
- The problem of political settlement between East and West Pakistan—the basic issue of the crisis;
- The danger of war between India and Pakistan, which grew week by week.

On May 28, I expressed our concerns in letters to the leaders of both Pakistan and India. To President Yahya, I wrote:

"I feel sure you will agree with me that the first essential step is to bring an end to the civil strife and restore peaceful conditions in East Pakistan. Then full-scale efforts can go forward within an international framework to help your government provide relief assistance to the people who need it

"While this is being done, it will, of course, be essential to ensure that tensions in the region as a whole do not increase to the point of international conflict. I would be less than candid if I did not express my deep concern over the possibility that the situation there might escalate to that danger point. I believe, therefore, that it is absolutely vital for the maintenance of peace in the Subcontinent to restore conditions in East Pakistan conducive to the return of refugees from Indian territory as quickly as possible. I urge you to continue to exercise restraint both along your borders with India and in your general relations with that country. We are counseling the Government of India to do the same.

"It is only in a peaceful atmosphere that you and your administration can make effective progress toward the political accommodation you seek in East Pakistan."

To Prime Minister Gandhi, I wrote:

"We share your government's hope that peace and stability can be restored in the subcontinent and that all the countries of the area can develop democratic systems of government consistent with their own traditions and history.

"The United States Government has not been a passive observer of these events. We have under active and continuous review two elements of the situation which we regard as particularly urgent: the human suffering and dislocation which has taken place and the basic political cause of this suffering and dislocation.

* * *

"In regard to the basic cause of this human suffering and dislocation, my government has also been active. We have chosen to work primarily through quiet diplomacy, as we have informed your Ambassador and Foreign Minister. We have been discussing with the Government of Pakistan the importance of achieving a peaceful political accommodation and of restoring conditions under which the refugee flow would stop and the refugees would be able to return to their homes....

"I am also deeply concerned that the present situation not develop into a more widespread conflict in South Asia, either as a result of the refugee flow or through actions which might escalate the insurgency which may be developing in East Pakistan. The problems involved in this situation can and should be solved peacefully. As you know, in recent months we have been impressed by the vitality of Indian democracy and the strength of purpose which your government has shown in meeting the complex social and economic problems which India faces. India's friends would be dismayed were this progress to be interrupted by war. As one of Asia's major powers, India has a special responsibility for maintaining the peace and stability of the region."

Throughout the summer, we refrained from public declarations but continued to express our concerns privately to all parties. It would have served neither Indian nor Bengali interests for us to alienate ourselves from the Government of Pakistan, whose policy and action were at the heart of the problem. This was explained again to the Government of India in July; its response was to express hope that our influence would produce results.

The three problems—the humanitarian, the political, and the danger of war—were obviously interlinked. The tragedy was that they could not all be resolved within the same time-frame. The humanitarian problem was monumental and immediate. A political settlement would take time. The threat of war, tragically, had its own momentum.

We responded to the **humanitarian emergency** with an urgent and massive program of relief, in the framework of a United Nations effort. We were ready to provide \$500 million in cash or commodities, nearly twice as much as the rest of the world combined. We committed \$91

million through the UN for the support of the nearly ten million refugees in India and \$158 million both through the UN and bilaterally for the 60–70 million people in East Pakistan to help avert famine and stem the further outflow of refugees. I asked the Congress for \$250 million more, and stated that more food would be provided if needed. We financed the chartering of vessels to transport grain into the interior of East Pakistan. We gave financial and technical support to the whole UN program. Although pockets of need remained, by November province-wide famine had been averted in East Pakistan. The refugees in India were sustained at least above the level of starvation.

But we knew that political settlement between East and West Pakistan was the key to ending the crisis. Our relief program was an effort to gain the needed time for a political process to work. Direct relief to the refugees in India was essential if India were to manage their support; famine in East Pakistan would have made impossible any restoration of normal life or civil peace, redoubling the flood of refugees and further inflaming tensions between Pakistan and India.

It was obvious to us that a lasting political solution could be found only on the basis of some form of autonomy for East Pakistan. Over the summer, in contacts in Washington as well as in their capitals, we made clear to all parties that we favored such a solution. We sought to set in motion a process of accommodation.

We obtained assurance from President Yahya that Sheikh Mujibur Rahman would not be executed. At our urging, Pakistan agreed to an internationalized relief presence in East Pakistan. We urged an amnesty for refugees of all creeds, replacement of the military governor of East Pakistan by a civilian, and a timetable for return to full civilian rule. Pakistan took all these steps. Return to civilian rule was pledged for the end of December and could have increased the chances for a political settlement and the release of Sheikh Mujib. Meanwhile, in August, we established contact with Bengali representatives in Calcutta. By early November, President Yahya told us he was prepared to begin negotiation with any representative of this group not charged with high crimes in Pakistan, or with Awami League leaders still in East Pakistan. In mid-November, we informed India that we were prepared to promote discussion of an explicit timetable for East Pakistani autonomy.

India was kept fully informed of all these developments at every stage. It indicated little interest. Meanwhile, India expanded its support of the guerrillas, and hostilities escalated along the eastern border.

The United States cannot be certain that the steps it proposed would have brought about a negotiation, or that such a negotiation would have produced a settlement. But it is clear that a political process was in train,

which could have been supported and facilitated by all the parties involved if they had wished. This is the basis for the profound disappointment we felt and expressed when war erupted.

We had known the **danger of war** would increase toward the end of 1971, as weather conditions and India's military readiness improved and as the guerrilla forces completed training. In addition to humanitarian and political steps to provide alternatives to war, we sought directly to ease the military confrontation. In contacts in Washington and other capitals, in letters and face-to-face meetings with heads of government, foreign ministers, and ambassadors, we exerted our influence for restraint.

—To the Soviet Union, we made the point repeatedly over the summer that it behooved the two superpowers to be forces for peace.

We asked the Soviet Union for its ideas on possible joint action.

—We continued to urge Pakistan to restore normal life in the East, and to put together a program of administrative and political steps that could stem the tide of refugees and lay a basis for a constitutional settlement.

—We told India that we attached the greatest importance to close U.S.-Indian relations, would do all we could to help with the burden of the refugees, but could only regard an Indian resort to armed attack as a tragic mistake. As early as August 11, Secretary Rogers told the Indian Ambassador that the Administration could not continue economic assistance to a nation that started a war.

As the tension along the border intensified in the fall, the United States proposed that both Indian and Pakistani troops pull back from the borders. Pakistan accepted this proposal; India turned it down. UN Secretary General Thant placed his good offices at the disposal of both. Pakistan responded favorably, and in addition suggested the dispatch of UN observers to both sides of the border. India refused the Secretary General's offer, and declined to accept UN observers. The United States then proposed to Pakistan that it pull its forces back from the borders unilaterally, as a first step toward a mutual pullback. Pakistan accepted this idea, provided India would give some assurance that it would eventually reciprocate. India would not.

Time had run out on a peaceful solution. In late November, open war on a broad front erupted between India and Pakistan.

The United States had sought for many years to establish conditions of stability which would have made this war less likely. We had observed an embargo on heavy arms to both sides since their 1965 war over Kashmir. Our military deliveries to both, amounting to only \$70

million over six years, were restricted to non-lethal equipment and spare parts for equipment previously supplied. We concentrated instead on assistance for economic development. Our economic aid to India in those six years totaled some \$4.2 billion. We provided over \$1.3 billion in economic assistance to Pakistan over the period—with an increasing concentration on promoting development in East Pakistan.

Over the six years of our embargo, however, the Soviet Union and its Eastern European allies sharply expanded their military supply to India and furnished over \$730 million of arms—including tanks, combat aircraft, artillery, surface-to-air missiles, submarines, missile boats, and other heavy equipment. Our six-year arms embargo had a much greater impact on Pakistan than on India. India's total military procurement after 1965—not a period of increasing tension with China—was more than four times that of Pakistan. While China supplied Pakistan with \$133 million in arms over the period, India obtained from abroad almost twice the quantity of arms as Pakistan. Moreover, at the same time India built up its capacity to produce its own heavy arms—a capacity which Pakistan did not have. As a result, the military balance shifted decisively toward India between 1966 and 1971.

The Outbreak and Containment of War

When war erupted toward the end of November, the world community was close to unanimous that there was one urgent necessity—to stop it.

On December 4, the United States requested an urgent session of the UN Security Council, which voted, 11 to 2, for an immediate ceasefire and withdrawal of foreign forces. The USSR vetoed this and a second resolution soon after. A similar resolution then passed on December 7 in the General Assembly by 104 to 11, with 10 abstentions. Of all the nations of the UN, only the USSR, some of its East European allies, India, and Bhutan opposed it; our position was supported by the overwhelming majority of the nations of the world. The Soviet Union blocked international action until the capture of East Pakistan was a *fait accompli*.

Then, during the week of December 6, we received convincing evidence that India was seriously contemplating the seizure of Pakistan-held portions of Kashmir and the destruction of Pakistan's military forces in the West. We could not ignore this evidence. Nor could we ignore the fact that when we repeatedly asked India and its supporters for clear assurances to the contrary, we did not receive them. We had to take action to prevent a wider war. On December 12 we called for another emergency session of the UN Security Council. We declared:

"With East Pakistan virtually occupied by Indian troops, a continuation of the war would take on increasingly the character of armed attack on the very existence of a member state of the U.N. All permanent members of the Security Council have an obligation to end this threat to world peace on an urgent basis."

The Soviet Union vetoed again. Intensive exchanges took place with the Soviet leaders. A ceasefire, however, was not agreed to until December 17.

The U.S. had two choices when the war broke out.

We could take a stand against the war and try to stop it, or we could maintain a "neutral" position and acquiesce in it. The former course meant strains in our relations with India, as well as the risk of failure. But the latter course, I concluded, ran even greater risks. Acquiescence had ominous implications for the survival of Pakistan, for the stability of many other countries in the world, for the integrity of international processes for keeping the peace, and for relations among the great powers. These risks were unacceptable.

We did not act out of bias, or in ignorance of India's agony under the burden of the refugees, or in sympathy with Pakistani actions that had generated the crisis. As Ambassador Bush stressed in the Security Council on December 4, the United States "values its close relations with both India and Pakistan." He continued:

"We recognize that a fundamental political accommodation still has not been achieved in East Pakistan. . . . this body cannot accept recourse to force to solve this problem. . . . The very purpose which draws us together here—building a peaceful world—will be thwarted if a situation is accepted in which a government intervenes across its borders in the affairs of another with military forces in violation of the United Nations Charter."

If we had not taken a stand against the war, it would have been prolonged and the likelihood of an attack in the West greatly increased. It was not my view in the first place that war was the solution to a humanitarian problem. The complete disintegration by force of a member state was intolerable and could not be acquiesced in by the United Nations. The war had to be brought to a halt.

The global implications of this war were clear to the world community. The resort to military solutions, if accepted, would only tempt other nations in other delicately poised regions of tension to try the same. The credibility of international efforts to promote or guarantee regional peace in strife-torn regions would be undermined. The danger of war in the

Middle East, in particular, would be measurably increased. Restraints would be weakened all around the world.

Internal ethnic conflicts and separatist strains, moreover, are a phenomenon of the contemporary world. India, more than most, has a heavy stake in the principle that such instabilities should not be exploited by other countries through subversion or resort to arms. The alternative is a formula for anarchy. The unanimity of Third World countries against this war was testimony to the universality of this concern.

Beyond this, there were implications for great-power relations.

Soviet policy, I regret to say, seemed to show the same tendency we have witnessed before in the 1967 Middle East war and the 1970 Jordanian crisis—to allow events to boil up toward crisis in the hope of political gain. The Soviet Union assured us that its August treaty of friendship with India was designed to strengthen its influence for peace. Whatever the intent, in retrospect it appears that the treaty, together with new arms deliveries and military consultations, gave India additional assurance of Soviet political support as the crisis mounted.

The United States, under the Nixon Doctrine, has struck a new balance between our international commitments and the increasing self-reliance of our friends; the Soviet Union in the 1970's is projecting a political and military presence without precedent into many new regions of the globe. Over the past three years, we have sought to encourage constructive trends in U.S.-Soviet relations. It would be dangerous to world peace if our efforts to promote a detente between the superpowers were interpreted as an opportunity for the strategic expansion of Soviet power. If we had failed to take a stand, such an interpretation could only have been encouraged, and the genuine relaxation of tensions we have been seeking could have been jeopardized.

Finally, it was our view that the war in South Asia was bound to have serious implications for the evolution of the policy of the Peoples Republic of China. That country's attitude toward the global system was certain to be profoundly influenced by its assessment of the principles by which this system was governed—whether force and threat ruled or whether restraint was the international standard.

These were our overwhelming concerns. They underlay our efforts to prevent war and our efforts to stop war when it broke out. They went to the heart of our responsibility as a great power.

Where Do We Go From Here?

The crisis of 1971 transformed South Asia. We enter 1972 acutely aware of the challenges the new conditions present.

Pakistan remains a close friend. Its people face the ordeal of rebuilding the society and economy of a shattered state. The United States stands ready to help. Our concern for the well-being and security of the people of Pakistan does not end with the end of a crisis.

Our relief effort in East Bengal will continue. The authorities face the grim challenge of creating a viable political structure and economy in one of the most impoverished—and now newly devastated—areas of the world. We have never been hostile to Bengali aspirations. Our aid program in the 1960's increasingly concentrated on development in East Bengal. We provided two-thirds of the world's emergency aid to the province in 1971. We would expect other nations to bear a proportionate share of that responsibility in the future, but as the United States strengthens new relationships in Asia, we have no intention of ignoring these 70 million people.

The United States, of course, has a tradition of friendship with India as well as with Pakistan. Our strong interest in Indian democracy and progress is not diminished.

It makes no sense to assume, however, that a country's democratic political system—or its size—requires our automatic agreement with every aspect of its foreign policy. We have our views and concerns in the world, just as India has its own. We disagreed with specific Indian actions in November and December, and we said so.

We did not expect this to be popular in India. Great nations like our two nations, however, do not make their policy on so ephemeral a basis. For this reason, we could not accept the argument that our criticism would drive India into the arms of the Soviet Union. India itself, we knew, had the strongest interest of all in its own democracy and nonalignment. And India and the Soviet Union already had a political tie of a kind that the U.S. would not attempt to match. This tie—inherent in the expanding Soviet-Indian military supply relationship after 1965—originated long in advance of the November war, the August treaty of friendship, our July China initiative, or the March crisis in Pakistan. When the August treaty was signed, both sides told us that it had been in preparation for more than two years. Beyond this, in the 1971 crisis, the Soviet Union was willing to veto UN action and to make military moves to deter China on India's behalf. For the United States to compete with the Soviet Union in fueling an arms race, obstructing UN efforts to stop a war, and threatening China, was out of the question.

We are prepared now for a serious dialogue with India on the future of our relations. We look forward to a fruitful discussion. This will depend not on an identity of policies, but on respect for each other's views and concerns. This should go both ways.

Just as the success of Indian democracy and progress is important to us, we also have a continuing interest in India's independence and non-alignment. Thus our political as well as our economic relationship will naturally be the subject of our dialogue. If India has an interest in maintaining balanced relationships with all major powers, we are prepared to respond constructively. Of interest to us also will be the posture that South Asia's most powerful country now adopts toward its neighbors on the subcontinent.

I know that India will have its own issues to add to the agenda. India's basic policy choices are India's to make. We both, nevertheless, have an interest in finding common ground. We can search out ways of transcending our recent differences and resuming our traditionally close relationship.

What will be the role of the great powers in the subcontinent's future? The 1971 crisis was bound to affect great-power relations. After my July 15 Peking summit announcement, and also during the diplomacy of the South Asian crisis, there was fanciful speculation of a U.S.-Chinese alignment. There is no such alignment; neither of my summit meetings is directed against any other nation. And there were ample opportunities for the Soviet Union to help prevent the Pakistani political conflict from being turned into an international war.

A more constructive approach to great-power relations in South Asia—and elsewhere—will be one of the goals I hope to further in my discussions in both Peking and Moscow.

A tragic irony of 1971 was that the conflict in South Asia erupted against a background of major developments, global and regional, which had offered unprecedented hope:

—Globally, we could see the beginnings of a new relationship between the United States and the Peoples Republic of China; concrete progress on important issues in U.S.-Soviet relations; a maturing relationship between the U.S. and East Asia as the Nixon Doctrine took effect and the U.S. sharply reduced its military involvement in Vietnam; the increasing contribution of Japan in Asian affairs; and efforts among industrialized nations to create new economic relationships increasing the trade opportunities of the developing world.

—Regionally, there were breakthroughs in economic development. The "Green Revolution" in agriculture was laying the basis for industrial development and steady growth. Trade earnings were financing an increasing proportion of development needs, strengthening economic and political self-reliance.

Our purpose now will be to recapture the momentum of these positive developments. The 700 million people of the subcontinent deserve a better future than the tragedy of 1971 seemed to portend. It is for them to fashion their own vision of such a future. The world has an interest in the regional peace and stability which are the preconditions for their achieving it.

PART V

THE IMPERATIVE OF SECURITY

Strategic Policy and Forces

General Purposes Forces

Security Assistance

Arms Control

Assuring National Security

"We do not seek power as an end in itself. We seek power adequate to our purpose, and our purpose is peace."

Address To The
Naval Officer Candidate School
March 12, 1971

National security is the paramount responsibility of any American President. There has always been an essential continuity between administrations in meeting this responsibility. Just as long range decisions of previous Presidents have shaped present capabilities, the choices I make today will be crucial to our future security.

- Security issues in the 1970's are more complex than ever before.
- The fundamental requirements for our security are not as obvious today as they were in the earlier bipolar era when threats were less complex.
 - Many citizens and legislators are understandably concerned over the high cost of modern weapons systems, and over the size of the U.S. share of the heavy security burdens borne by us and our increasingly prosperous allies.
 - The Vietnam experience has left some Americans skeptical concerning defense issues.
 - The current strategic balance with the Soviet Union creates new conditions which could provide additional incentives for negotiations on limiting armaments, but could also lead to localized conflicts below the level of strategic nuclear war.

To meet our security requirements under the Nixon Doctrine and a national strategy of realistic deterrence, we must harmonize our essential strategic objectives, our general defense posture, and our foreign policy requirements with the resources available to meet our security and domestic needs. Our military program must not absorb resources beyond those essential to meet foreseeable dangers. Nevertheless, I recognize that there is a prudent minimum below which we cannot go without jeopardizing the nation's fundamental security interests. If this were allowed to happen, we would lose control over our destiny both at home and abroad.

In this Administration, we have been able, for the first time in twenty years, to spend more on domestic social programs than on defense. The total defense budget is today a smaller portion of the Federal Budget and a smaller portion of our Gross National Product than at any time since the Korean War. Measured in terms of constant dollars our defense spending is already down to the pre-Vietnam War level. It will remain so next year, even though overall defense spending will be increased in order to maintain our security at an adequate level.

American strength is essential if we are to move from an era of confrontation toward an era of negotiation. As the world's strongest power, this nation has important responsibilities to its friends as well as unique opportunities for improving global stability. American weakness would make no contribution to peace. On the contrary, it would undermine prospects for peace.

We have taken a number of steps to nurture an international climate in which progress in arms control is possible. In the past year we have moved forward in bilateral discussions with the Soviet Union on strategic arms limitations and in multilateral efforts to provide a firm basis for control of both nuclear and conventional weapons. We have made important advances toward achieving strategic stability, but there also have been disturbing developments. While engaged in the strategic arms negotiations we have witnessed a continuing Soviet buildup in nearly every major category of military power.

An agreement to limit strategic weapons would be an unprecedented achievement. Our goal is to stabilize the strategic balance through mutual restraint and agreements which provide no unilateral advantage. We recognize that only a mutually designed balance of strategic armaments can establish a shared basis for security. On the other hand, if the Soviet Union attempts to extend its strategic buildup beyond equality, the United States will have no choice but to initiate compensating actions.

The new strategic environment increases the importance of maintaining a full range of credible options to meet our international commitments and the requirements of our own defense. With USSR general purpose forces expanding, modernizing, and projecting Soviet power in new areas of the globe, we have taken steps to strengthen American and allied capabilities.

In ensuring the continuing viability of our national defense, we are establishing a sound basis for our strategic and general purpose forces that is compatible with our arms control efforts, our political objectives, and the potential threats to our security.

The chapters that follow set forth our defense policies and the challenges we face.

STRATEGIC POLICY AND FORCES

"We must be more resourceful than ever in the pursuit of peace, and at the same time more determined than ever in the maintenance of our defenses. For even as many things are changing in the world of the 1970s, one fact remains: American strength is the keystone in the structure of peace."

Address to the
U.S. Military Academy
May 29, 1971

Of the many elements that constitute military power in the nuclear age, strategic nuclear forces are most crucial. Strategic forces:

- Are the primary deterrent to nuclear attacks against the United States or its allies;
- Compel an aggressor contemplating less than all-out attacks to recognize the unacceptable risk of escalation; and
- Reduce the likelihood of intimidation or coercion of the U.S. or its allies.

When this Administration took office, the United States for the first time faced the prospect of a rough parity with the USSR in strategic forces. While the Soviet Union had moved forward with great energy, the U.S. had held its strategic missile launchers at existing levels for nearly four years.

Assessing the implications of the emerging balance was an urgent task. Rather than simply adding up the relative size or capabilities of Soviet and American strategic forces, we had to address broader underlying questions.

- Would parity in strategic power increase or decrease the probability of nuclear war?
- Would the continuing momentum of Soviet strategic programs give them political advantages?
- What actually were the new capabilities of our adversaries? What trends in deployments and doctrines were implicit? What were their strategic alternatives?

Only by examining such questions could we make rational decisions on the size and composition of American strategic forces and evaluate the alternative postures we might adopt in the future.

A fundamental factor in determining the quantitative and qualitative characteristics of our strategic posture was the development of a doctrine for employment of these forces in the environment of the 1970's. In the 1950's, when the U.S. had a near monopoly in strategic nuclear forces, it was felt that deterrence could be maintained by a doctrine of all-out massive response.

As Soviet strategic capabilities developed early in the last decade, a more flexible range of responses was believed necessary. Emphasis was placed on the ability to destroy selectively an enemy's military forces while sparing the civilian population by withholding attacks against cities.

The variety and size of Soviet strategic forces increased further during the last Administration and complicated the American problem of destroying Soviet offensive forces remaining after a Soviet first strike. The earlier doctrines no longer seemed credible, and the doctrine of "assured destruction" gained wide acceptance. Under this concept, deterrence was believed guaranteed by maintaining the capability to destroy a sizable percentage of an adversary's industrial capacity and population even following an all-out attack on our own strategic forces. Under this theory, a buildup of the other side's strategic forces was not considered critical as long as we maintained enough invulnerable forces.

After reviewing various concepts for our strategic forces, I decided that our forces should be based on a doctrine of "strategic sufficiency" which takes into account political factors and a broader set of military factors than did the "assured destruction" concept. In last year's Report I described this doctrine as follows:

"In its narrow military sense, it means enough force to inflict a level of damage on a potential aggressor sufficient to deter him from attacking. Sole reliance on a 'launch-on-warning' strategy, sometimes suggested by those who would give less weight to the protection of our forces, would force us to live at the edge of a precipice and deny us the flexibility we wish to preserve.

"In its broader political sense, sufficiency means the maintenance of forces adequate to prevent us and our allies from being coerced. Thus the relationship between our strategic forces and those of the Soviet Union must be such that our ability and resolve to protect our vital security interests will not be underestimated."

Sufficiency requires forces that are adequate in quantity and have the qualitative characteristics to maintain a stable strategic balance despite technological change. Capabilities of both the U.S. and USSR have reached a point where our programs need not be driven by fear of minor quantitative imbalances. The Soviet Union cannot be permitted, however,

to establish a significant numerical advantage in overall offensive and defensive forces.

Our forces must be maintained at a level sufficient to make it clear that even an all-out surprise attack on the United States by the USSR would not cripple our capability to retaliate. Our forces must also be capable of flexible application. A simple "assured destruction" doctrine does not meet our present requirements for a flexible range of strategic options. No President should be left with only one strategic course of action, particularly that of ordering the mass destruction of enemy civilians and facilities. Given the range of possible political-military situations which could conceivably confront us, our strategic policy should not be based solely on a capability of inflicting urban and industrial damage presumed to be beyond the level an adversary would accept. We must be able to respond at levels appropriate to the situation. This problem will be the subject of continuing study.

Faced with a potential Soviet threat to the sufficiency of our forces, I directed in the first year of my Administration:

- Initial deployments of an anti-ballistic missile system.
- Research on new long range submarine-launched ballistic missile systems.
- The equipping of existing missiles with multiple warheads that could attack a number of targets.
- The addition of air-to-surface missiles to strategic bombers for better penetration of air defenses and the development of an improved strategic bomber.
- Continued research and development programs to improve the quality of our forces and to ensure that advances in technology would not place us in a disadvantageous position.

Our actions have been designed primarily to guarantee the continuing survivability of our retaliatory forces. These improvements in our existing forces and the development of new programs are not incompatible with negotiations to limit strategic arms. They complement the broad effort of this Administration to guarantee the security of the United States while moving toward a structure of greater international stability and restraint. We have been conscious of the opportunities provided in the Strategic Arms Limitation Talks to add a vital dimension of stability to our competitive relationship with the USSR.

The Strategic Balance—1972

Last year there were uncertainties in our appraisal of Soviet strategic forces. Some of these uncertainties have now been removed, unfortunately not in a reassuring way. Others remain. At this time last year it appeared that the Soviets might have slowed and perhaps ceased deployment of land-based strategic missiles. It was hoped that this was an indication of self-restraint. It was not. Since that time the overall Soviet strategic program has continued to move ahead.

- The pause in construction of ICBM silos was apparently related to the introduction of major improvements or the deployment of a totally new missile system. There is evidence that two new or greatly modified ICBM systems are being developed.
- Nearly 100 new ICBM silos are being constructed. Some of these silos are for large modern missiles such as the SS-9, which, because of their warhead size and potential accuracy, could directly threaten our land-based ICBMs.
- The multiple warhead version of a second ICBM system has already been extensively tested.
- An improved submarine-launched ballistic missile is also being perfected, and ballistic missile submarine production has increased significantly. The Soviet Union now has operational or under construction more modern ballistic missile submarines than does the United States. In the near future the USSR will have achieved parity in nuclear-powered ballistic missile submarines while additionally maintaining some 100 SLBM launchers on older submarines.
- A new Soviet bomber is being flight tested.
- ABM construction has resumed around Moscow; new types of ABM radars and ballistic missile interceptor systems are being tested.

In short, in virtually every category of strategic offensive and defensive weapons the Soviet Union has continued to improve its capability.

These collective developments raise serious questions concerning Soviet objectives. The Soviet Union is continuing to create strategic capabilities beyond a level which by any reasonable standard already seems sufficient. It is therefore inevitable that we ask whether the Soviet Union seeks the numbers and types of forces needed to attack and destroy vital elements of our own strategic forces.

The following table illustrates the relative growth of operational Soviet strategic missile forces.

Operational U.S. and USSR Missile Launchers

ICBMs	Mid-1965	End 1969	End 1970	End 1971
U.S.	934	1,054	1,054	1,054
USSR....	224	1,190	1,440	1,520
SLBMs				
U.S.	464	656	656	656
USSR....	107	240	350	500

We cannot know the intentions of the Soviet leadership, but we must assume that this trend reflects a calculated policy within the framework of an overall strategic rationale. While it seems unlikely that the Soviet Union would actually plan to use these forces in an all-out manner, their existence is a disturbing reality which has compelled me to request the funding of additional offsetting measures.

Our forces are currently sufficient, but we have acted with great restraint. The number of missile launchers in the U.S. strategic force has not changed for five years. We have improved the retaliatory capability of each missile with added warheads, but we have not provided our missiles with the combined numbers, accuracy and warhead yield necessary to threaten Soviet forces with a disarming strike. The Soviets have the technical capability to develop similarly sophisticated systems but with greater warhead yields and consequently greater capability for a disarming strike.

We are approaching a crucial turning point in our strategic arms programs. If the Soviet Union continues to expand strategic forces, compensating U.S. programs will be mandatory. The preferable alternative would be a combination of mutual restraint and an agreement in SALT. But under no circumstances will I permit the further erosion of the strategic balance with the USSR. I am confident that the Congress shares these sentiments.

The Forces for Sufficiency

As Soviet strategic forces have developed over the past three years, we have taken actions to preserve the sufficiency of our forces. The primary objective of these improvements has been to decrease the potential vulnerability of our deterrent forces. Given the size and sophistication of Soviet weapons, arguments based on arithmetical computations that our destructive capability is excessive are simplistic. We must retain the capability to deter or to retaliate if necessary, even if one element or sub-

stantial portions of our mix of bombers, land-based ICBMs, and submarine-launched missiles become vulnerable. At the same time we have exercised restraint consistent with stability and the discussions in SALT.

Thus, in light of growing Soviet strategic capabilities, we have taken certain measured steps to strengthen our defensive position by improving the prospects for survival of our forces.

- We have continued to increase the hardness of our Minuteman ICBM silos, making them less vulnerable to attack. This contributes to stability by decreasing the prospect of a successful disarming attack by a potential aggressor.
- We are continuing our program to put multiple independently targetable warheads on strategic missiles. This ensures a credible capability to retaliate. With these warheads, the missiles which survive an initial attack will still be able to strike large numbers of targets and complicate an enemy's defensive problems. They also serve as insurance against increasingly sophisticated missile defenses.
- We are continuing development of a new manned bomber to replace the aging B-52s. This is an important element in the mix of retaliatory forces which provides assurance against technological breakthroughs and complicates an enemy's offensive and defensive problems. We are also improving penetration aids for our strategic bomber force.
- We are decreasing the time it takes our bomber force to leave the ground on warning of an attack. We also are relocating these bombers to bases further from the coast to reduce the threat from Soviet ballistic missile submarines.
- We are designing a new long range submarine-launched missile system (ULMS—Undersea Long Range Missile System). This system will allow our submarines to operate in a larger ocean area where they will be even less vulnerable to enemy anti-submarine forces. The first version of this missile can be placed in existing submarines. We are also initiating a program to build additional missile submarines. This is particularly important at a time of increasing threat to our land-based missiles.
- We are continuing an active research program to ensure the survivability of our forces over the long term.
- We are prepared to take additional actions to increase quickly the capabilities of our strategic forces should unabated Soviet deployments continue.

In considering the overall strategic balance, our ballistic missile submarine force currently provides a compensating factor. Although the

Soviet sea-based ballistic missile force is approaching numerical parity, our missiles have longer range and are being equipped with multiple independently targetable warheads. Moreover, our new submarines are now superior in quality.

Thus our forces meet the test of sufficiency.

Ballistic Missile Defense

In announcing the Safeguard ABM program, I promised to review each phase of the deployment to ensure that we were doing no more than the existing threat required. We have measured progress of the program against the background of SALT, our strategic policy, changes in Soviet capabilities, and the development of Chinese forces.

- Soviet strategic forces, even at current levels, have the potential of threatening our land-based ICBMs if the Soviets choose to make certain qualitative improvements. They have the necessary technological base.
- The Chinese are continuing to develop a strategic offensive capability.
- The possibility of accidental attacks remains.

These facts confirm the wisdom of the decision to begin Safeguard deployment.

However, we may soon complete a SALT agreement with the USSR which will limit ABM deployments. From the beginning of SALT negotiations it has been implicit that we would be willing to forego extensive ABM protection in return for the greater stability offered by an equitable limit on both offensive and defensive strategic forces. In deploying Safeguard we have taken only those steps that are essential while preserving the option for an agreement on ABM limitations. These actions have given the Soviet Union an incentive for concluding an agreement controlling defensive deployments. Our future actions will continue to reflect progress made in SALT.

In our decisions on deployments of strategic systems, on qualitative improvements and on SALT, our objective has been to act with restraint while preserving the security of the United States and its allies. Our present strategic forces are sufficient and we are moving toward an agreement which should stabilize the strategic balance and foreclose future rounds of arms competition. If, however, important systems are not constrained by agreements and the Soviet Union continues to build up its strategic forces, I will continue to take actions necessary to protect the national security.

GENERAL PURPOSE FORCES

"The strength that commands respect is the only foundation on which peace among nations can ever be built."

Remarks to the
VFW Convention at Dallas
August 19, 1971

At no other time in the nuclear era has it been so essential to maintain a full range of credible options for defending American interests. Approaching strategic parity with the Soviet Union and the developing Chinese nuclear capability may have reduced the range of conflicts deterred by strategic forces alone. If, in these circumstances, allied general purpose forces are weak, aggression by conventional means or attempts at political coercion might seem more inviting.

In 1969 we undertook a comprehensive assessment of military requirements for the 1970's. We concluded that general purpose forces must be capable of meeting a major threat to American and allied interests in Europe or Asia and of simultaneously coping with a minor contingency elsewhere. The prospect of a two-front coordinated attack in Europe and Asia was considered remote because of the risks of nuclear war and the improbability of Sino-Soviet cooperation. The likelihood of that cooperation has now receded even further.

Nevertheless, the presence of potentially hostile countries in both Asia and Europe requires counterposing allied forces capable of maintaining a successful defense in either theater until reinforced.

Approaching strategic parity also means that the probability of challenges below the level of full-scale nuclear or conventional war has increased. During this Administration, the United States has been involved in crises in the Middle East, Asia, and elsewhere. The Jordanian crisis of 1970 demonstrated the importance of being able to employ forces to stabilize a local situation involving great power interests.

The emerging Soviet capability to apply military leverage in remote areas has further underlined the need for countervailing American forces. In the first years of this decade there have been:

- Soviet treaties with Egypt and India and Soviet claims to be protecting the interests of an increasing number of nations;
- Soviet pilots in Egypt in combat against Israeli aircraft, the deploy-

- ment of a sophisticated air defense system to Egypt, and the use of Egyptian airfields for Soviet missions; and
- Increased Soviet naval presence in the Mediterranean, the Indian Ocean and the Western Hemisphere, particularly in the Caribbean.

Obviously, even with this expanding Soviet capability to combine military with economic and political pressures, not all potential challenges to our interests involve the USSR or other major powers directly. The need for American military forces in situations not involving other nuclear powers should lessen over time with the success of our cooperative efforts under the Nixon Doctrine to strengthen allied national and regional defense forces.

Shaping Our Common Defense

Drawing on studies completed in the first years of the Administration, our efforts in 1971 concentrated on designing U.S. forces and encouraging development of allied forces to meet more effectively the threats to security in Europe, Asia, and other areas of the world.

In Europe we and our allies have undertaken new initiatives to strengthen NATO. These include:

- Fortifying NATO defenses by constructing aircraft shelters, improving NATO troop mobility, increasing defenses against armored attack, and strengthening allied naval forces.
- Utilizing men in command and support functions more effectively.
- Improving allied reserve force readiness, mobilization capabilities, and American ability to lift forces to Europe rapidly in a crisis.

We have also continued consultations on arrangements to reduce balance of payments and other costs of maintaining U.S. forces in Europe. These developments are discussed in this Report's chapter on Europe.

This year our allies will continue to implement their \$1 billion five-year European Defense Improvements Program which will further strengthen NATO air defense, communications, mobilization, armor, anti-tank, and naval capabilities. In addition, our NATO allies are spending more than \$3 billion in 1972 for major military equipment which will further modernize their forces.

We will continue to maintain forces in Europe that provide a credible capability to defend our interests.

In 1971 we also concentrated on a thorough analysis of possible threats, necessary improvements in allied defenses, and those American forces required to support our Asian strategy in this decade. The review

covered the full range of U.S. force options. The following are some preliminary conclusions.

- The U.S. nuclear shield will be maintained to protect our Asian allies from attack or coercion by a nuclear power.
- It will continue to be essential to maintain strong forward American deployments, while also providing appropriate military and economic assistance.
- Allied military capabilities, especially in ground forces, are expected to improve substantially, making possible some further adjustments in U.S. deployments.
- Subversion and guerrilla warfare remain a potent danger to our friends in Asia. While the threat should be dealt with primarily by indigenous forces, we must continue to provide military and economic assistance to supplement local efforts.

Thus, while helping our Asian friends improve their forces, we will maintain our own peacetime land, sea, and air deployments in Asia at a level which provides assurance to our allies of continuing U.S. support and demonstrates our ability and determination to meet our commitments.

In addition to examining our continuing political and military requirements in Europe and Asia, we have made similar studies of other areas of the world. In the process we have assessed potential challenges to our interests. We are designing flexible general purpose forces which will permit us to respond as necessary to threats to those interests.

Emerging Force Structure

Having assessed the fundamental elements of a rational strategy for the 1970's within the framework of the Nixon Doctrine, we have been able to refine planning for forces to meet post-Vietnam requirements. Alternative force structures have been examined both in terms of capabilities to carry out missions and in terms of cost implications. We have also reviewed tactical nuclear weapons planning for both Europe and Asia. In addition, a number of specific issues concerning the composition of our forces have been addressed.

- With regard to **land forces**, the major issue in the Fiscal Year 1973 program was the number of Army divisions necessary to support our post-Vietnam strategy. After reviewing the effect on allied capabilities in Europe and Asia of an Army ranging between 11 and 14 divisions, I concluded that 13 U.S. Army divisions were needed to support NATO effectively and to retain the capability to reinforce adequately our Asian allies.

Another issue concerned the best combination of armored/mechanized divisions, most essential to the defense of NATO, and lighter divisions which are needed in both NATO and Asia. We decided on a mix of 7 2/3 armored/mechanized divisions and 5 1/3 infantry, airborne, and airmobile divisions.

- The review of **naval** requirements considered alternative levels of fleet deployments including the specific numbers of aircraft carriers, escorts, submarines, and support ships needed to control the seas in a major conflict and meet our commitments throughout the globe. We considered aircraft carrier levels ranging from 13 to 17. In view of the need to keep carriers continuously in the Atlantic, Mediterranean and Pacific, and also available for a range of other contingencies, I concluded that 16 carriers would be required in FY 1973.
- We will retain the flexibility and mobility provided by our three **Marine Corps** divisions and three air wings by maintaining them in a high state of readiness.
- The effectiveness of our **tactical air force** in meeting defense commitments is measured not only by the numbers of aircraft available, but by the level of pilot proficiency and equipment readiness. After considering a range of aircraft levels and degrees of readiness we found that our requirements to deter or to respond immediately to attacks could best be met by maintaining about 22 Air Force wings at a high state of readiness.

Because of the priority of Vietnam requirements, some essential modernization programs have been deferred. We cannot relinquish the essential advantage which superior equipment affords. Accordingly, we are putting renewed emphasis on modernizing our forces.

The military command structure must also be kept under review to assure that it reflects the changing character and disposition of our forces. Last year I approved certain changes, proposed by the Secretary of Defense, designed to streamline the command organization and to bring theater responsibilities more in line with requirements of the 1970's. The most significant step was the disestablishment of the U.S. Strike Command which was responsible both for a geographical area, now assigned to other commands, and for training of certain land and air forces. The Readiness Command was created to consolidate control of the strategic reserve of combat units based in the United States ready to reinforce other commands.

With these improvements, the force posture we have designed will continue to meet the needs of our national strategy.

Managing Defense Resources

In order to realize the full effectiveness of our forces we must assure that all resources provided for defense are efficiently employed. The need to improve management practices is especially acute in the areas of manpower and weapons development. Personnel costs now absorb over half of the defense budget; by the middle of this decade these costs may rise to well over 60 percent. At the same time, the costs of new weapons systems have generally been two to three times the costs of those they replace, largely due to increasing complexity. The combination of these two effects may by the mid-1970's seriously limit our ability to finance forces to meet our anticipated security requirements. The imaginative and forceful management initiatives now being undertaken by the Secretary of Defense will continue to provide the key to solving these problems.

In the manpower area we have concentrated on efforts to eliminate the draft by attracting more volunteers with increased pay and other financial benefits. These measures have temporarily contributed to the increase in personnel costs. But the success of these programs and the reduction of our forces in Vietnam have produced significantly lower draft levels. Last year we drafted only one-third as many men as were drafted in the year before I took office.

We plan to eliminate draft calls altogether by July 1973. To reach that goal there are problems which must be resolved.

—We need to enlist men with the ability to operate and repair the sophisticated weaponry of modern warfare.

—We must enhance the attractiveness of service careers while building a disciplined and effective force.

I am confident that we will solve these problems and that we will be able to end reliance on the draft without sacrificing military readiness.

Nothing will be more essential to the maintenance of our strength in the remainder of the 1970's than the quality and dedication of the men who choose a military career. In order to attract men who meet the highest standards, we must strengthen the vitality of the armed forces. This is the responsibility of every service. We must also bolster respect for the military profession in our society. This is the responsibility of every citizen.

SECURITY ASSISTANCE

"These security assistance programs . . . critically affect our ability to meet our bilateral and collective security commitments. They are central to the achievement of major objectives of U.S. national security and foreign policy."

Message to Congress on the
U.S. Foreign Assistance Program
April 21, 1971

Security assistance is a cornerstone of our foreign policy and of Free World security, as it has been ever since the early days of the Second World War. Our programs have adapted to changing circumstances, but our purpose has remained steadfast—to assist those willing to work for peace and progress. Our friends are demonstrating the ability and willingness to shoulder a larger share of the common effort, but their material resources frequently are inadequate. They do not seek American forces; they do ask for the equipment and supplies which they themselves cannot provide.

In the first of these foreign policy statements two years ago I spoke of three basic principles of our foreign policy: partnership, strength, and a willingness to negotiate. It was with these principles in mind that in July 1969, at Guam, I enunciated the policy which has come to be known as the Nixon Doctrine. The essence of this approach is that the U.S. will fulfill its commitments, while looking to its friends and allies to play a greater role in providing for their own defense.

The effectiveness of local deterrence and defense is, in the last analysis, measured by the will and effort of the threatened country. For unless a country mobilizes its own psychological, human, and material resources, our assistance cannot be effective. Given that will and effort, however, our assistance can make the critical difference—to the security of the threatened nation and to world stability and peace. This is especially significant in areas where the United States is reducing its military presence. Part of the role of deterrence and defense which our forces have long filled is now being assumed by local or regional forces. But to do so, they must have our help.

Some of our friends do not have resources sufficient for both development and defense. They face a dilemma: to devote scarce resources to

defense and thereby sacrifice development progress—or to emphasize economic development, hoping their security will not be threatened or that others will defend them. Our assistance can help these countries through this difficult stage until their own hard work and determination—supplemented by our economic and security aid—enable them to assume the costs of both dependable defense and steady development. To encourage others to make such efforts while refusing to provide the resources they require to stand on their own would be both illogical and self-defeating. The purpose of U.S. security assistance, therefore, is to ease and to speed the transition to greater national self-reliance.

We know from experience that such a transition is possible. A number of countries which were once dependent on large amounts of U.S. aid have achieved or are nearing self-reliance. Others are progressing toward that goal, but need our support if they are to reach it in safety.

We know also that until other nations are more self-reliant, our common objectives of partnership, strength, and international cooperation cannot be realized. If both we and our friends are to be secure, we must have a program of action. If we are to ask others to assume an increasing share of their own and free world defense, then we must share the skills, equipment and technology which will allow them to share the burden.

—Cambodia is a striking example. The Cambodian people have rallied to resist the occupation of their homeland by a determined and stronger enemy. Assisted with U.S. equipment, the Cambodian Army has grown from 30,000 to approximately 200,000 within less than 24 months. They have greatly complicated the enemy's efforts to supply its forces operating against South Vietnam; and they have strengthened their cooperation with their neighbors as they seek to meet the common threat.

—The Republic of Korea prospers with a flourishing economy and a high rate of growth. Behind the shield provided by its own forces and the United Nations command, U.S. forces have been reduced and no longer man major defenses along the DMZ. Our military assistance program is making it possible for Korea to complete the modernization of its forces which is essential if Korea is to provide for its own defense.

Security assistance also provides a means whereby we can influence others to limit arms races. Some maintain that if we refused to provide military assistance or to sell weapons, arms competition would diminish in many areas. If we were the only source of modern weapons, that argument would be valid. But other countries which are sources of military arms have not shown restraint. If we refuse military assistance

programs, we forsake the opportunity such programs afford to counsel moderation in arms acquisition. Countries which perceive threats to their security can and do acquire the weapons they want elsewhere.

Our security assistance, like our other programs, reflects our vision of a future structure of peace in a world in which independent states cooperate for mutual benefit. Our friends can be assured that we will continue to help them meet their defense needs through a well managed and flexible security assistance program.

ARMS CONTROL

"I decided early in the Administration that we should seek to maintain our security whenever possible through cooperative efforts with other nations at the lowest possible level of uncertainty, cost, and potential violence."

U.S. Foreign Policy for the 1970's
Report to the Congress
February 18, 1970

The nuclear era places on the two preponderant powers a unique responsibility to explore means of limiting military competition. Never before have weapons so fundamental to national security become the subject of negotiations between competing powers. Agreement to limit strategic nuclear weapons would be an unprecedented achievement not only in the field of arms control, but also in the evolution of political relations.

The limitation of armaments is an essential element in the larger political process of building a more stable international system. By contributing to international stability and restraint, arms control agreements can provide a greater measure of security than could be achieved by relying solely on military power. A mutual willingness to curb arms competition indicates constructive intentions in political as well as strategic areas. Progress in controlling arms can reinforce progress in a much wider area of international relations.

This Administration has made a determined effort to negotiate equitable strategic arms agreements with the Soviet Union. Our efforts at arms control, moreover, have not been confined to bilateral strategic negotiations, but have encompassed a variety of weapons and international forums. The process of developing agreements has proceeded in three separate but related areas:

- First, and of overriding importance, has been the effort to control strategic arms competition between the United States and the Soviet Union.
- Second, in regions where major powers confront each other, as in Central Europe, we have explored means for establishing a more stable military balance at reduced force levels.
- Finally, on the broad international front, arms control measures such as elimination of biological and toxin weapons and restrictions

on the deployment of nuclear weapons in various environments have been undertaken with the participation of nuclear and non-nuclear powers.

In each of these areas, the United States has taken important initiatives in the interest of international stability and peace. Three years of intense efforts have produced significant progress.

Strategic Arms Limitation Talks (SALT)

From the beginning of this Administration, issues related to strategic arms limitations have been given the highest priority. I recognized that even a modest success in such an endeavor could break the pattern of seemingly endless and increasingly dangerous competition.

In order to have maximum flexibility in negotiations with the Soviet Union, we began our preparations for strategic arms talks with a systematic examination of the issues. By analyzing every combination of weapons systems that might conceivably be subject to limitation and by examining measures that could be used to verify compliance in any agreement, we developed a sound basis for moving negotiations in the direction most likely to lead to an equitable agreement. In the ensuing discussions with the Soviet Union, we were determined not to be restricted to a fixed position which would have to be renegotiated internally every time there was a change of position. It was anticipated that our new approach might forestall the early stalemates which had characterized previous arms control negotiations when opening positions inevitably differed.

We recognized that negotiations would be especially complicated because of the difficulty of establishing equivalence between Soviet and American weapon systems that differed not only in number but in characteristics and capabilities. Moreover, both nations were at different stages in key weapons programs.

—The Soviet intercontinental ballistic missile arsenal had continued to grow while the U.S. had ceased deployment of ICBMs. In addition, American ICBMs consisted almost entirely of medium size missiles, while the USSR had deployed a variety of sizes. One Soviet system, the SS-9 ICBM, carried a much larger warhead and had no American counterpart. Although U.S. missiles were smaller, they were more sophisticated and had a capability for multiple independently targeted warheads. The larger Soviet missiles, however, had the capacity to carry a greater number of these warheads if developed along lines similar to our program.

- The United States had not built ballistic missile submarines since 1967; the Soviet program, although begun later, was expanding at an accelerated rate in 1969.
- In 1964 the USSR began deploying an anti-ballistic missile system to protect its capital; our Safeguard ABM program, begun only in 1969, was designed to protect our land-based retaliatory forces, to defend against attacks by a small number of missiles, and to protect against an accidental attack.

Thus, even an agreement in principle to limit certain strategic systems would have left open major questions of defining precise limits without creating an advantage for one side.

Despite these problems, the approaching strategic parity provided an opportunity to achieve an overall agreement that would yield no unilateral advantage and could contribute to a more stable strategic environment. For the first time it was possible to conceive of agreements reflecting a genuine balance.

Meticulous preparations enabled us to begin negotiations in November 1969 with an understanding of the full range of issues, and to move efficiently from preliminary explorations of strategic principles to concrete proposals.

By late 1970, several phases of negotiations had isolated the key differences.

- We disagreed on the kinds of weapons systems that would be limited in an agreement. The U.S. preferred to cover all major strategic systems—land and sea-based ballistic missiles, heavy bombers, and anti-ballistic missiles; the USSR defined “strategic” to include certain U.S. air and naval deployments abroad, while excluding various systems of their own, including medium range missiles.
- We had not been able to agree on an equitable basis for limiting individual offensive systems that differed in numbers or capabilities.
- The scope of an initial agreement was undetermined. The USSR proposed that it limit defensive forces alone; the U.S. felt it must encompass both offensive and defensive forces.

These differences meant that negotiating a comprehensive agreement would be very complicated and necessarily time-consuming.

As negotiations entered their second year, the continuing buildup of Soviet strategic systems was of particular concern. During the first year of negotiations the Soviets had increased their total arsenal of intercontinental ballistic missile launchers by nearly one-fourth and submarine launchers by nearly one-half.

At that time, I concluded that four principles were fundamental to our position.

- First, the strategic balance would be endangered if we limited defensive forces alone and left the offensive threat unconstrained. An essential objective of the negotiations would be defeated by unchecked deployments of offensive systems. For example, with only defensive forces limited by an agreement, the continued expansion of Soviet offensive forces, especially the large SS-9 ICBMs if armed with multiple warheads, could eventually give the USSR a capability for seriously threatening our land-based strategic forces.
- Second, it would be dangerous if, while constraining offensive forces, strategic defenses were allowed to increase without limit. In sufficient numbers and sophistication, ABM systems deployed to defend cities can reduce capabilities to retaliate. Thus, unlimited ABM expansion ultimately would force an offensive buildup.
- Third, if we could not devise satisfactory formulas for limiting all major weapon systems, we should concentrate on those of primary importance in the strategic balance which if unchecked would become most threatening to overall strategic equilibrium.
- Finally, if we could not find technical solutions for limiting systems that already differed in numbers and capabilities, an interim step might be a freeze at current levels on deployments of the most destabilizing offensive weapons.

These conclusions were the basis for my personal intervention with the Soviet leaders. Recognizing that only by establishing a political commitment at the highest level could we make significant progress on the range of technical issues that still confronted the negotiators, I attempted to create a new negotiating framework in which both sides could proceed. This overture, followed by several months of intensive negotiations, ultimately produced the breakthrough announced on May 20, 1971:

“The Governments of the United States and the Soviet Union, after reviewing the course of their talks on the limitation of strategic armaments, have agreed to concentrate this year on working out an agreement for the limitation of the deployment of anti-ballistic missiles systems (ABMs). They have also agreed that, together with concluding an agreement to limit ABMs, they will agree on certain measures with respect to the limitation of offensive strategic weapons.

“The two sides are taking this course in the conviction that it will create more favorable conditions for further negotiations to limit all strategic arms. These negotiations will be actively pursued.”

In essence, this new understanding involved elements that bridged the concerns of both sides.

- An ABM agreement would have initial priority in further discussions. Since most progress had been made in this area, we would concentrate during the remainder of 1971 on negotiating an agreement on limiting defensive systems.
- The essential linkage between agreements to limit offensive and defensive systems would be preserved, and the two agreements would be concluded simultaneously.
- The impasse over the composition of strategic offensive weapons was resolved by concentrating on an initial agreement for those offensive systems having the major impact on the strategic balance.

The breakthrough on May 20 revitalized the negotiations. It was followed by progress in related areas. On September 30, 1971, the U.S. and USSR signed two agreements which had been worked out in parallel with the main arms negotiations.

- The first established agreed measures that each side would adopt to reduce the risk of nuclear war occurring as a result of an accident or unauthorized acts.
- The second provided that the direct communications link (Hot Line) between the U.S. and the USSR would be made more secure and less vulnerable by employing satellites in the communications system.

These agreements demonstrated a mutual willingness to deal seriously with other strategic issues.

The exact scope of the agreements derived from the commitment of May 20 is still under negotiation, and I am obliged to protect the confidentiality of these talks. I can report that a consensus is developing on certain essential elements which provide a basis for further movement toward an agreement that accommodates concerns expressed by each side.

- Comprehensive limitations should be placed on ABM systems. Deployments should neither provide a defense of the entire national territory nor threaten the overall strategic balance. However, reaching agreement has been complicated because the existing Soviet system is designed to protect Moscow in contrast with our initial ABM deployments which defend ICBMs located in less populous areas.
- Since an ABM agreement will cover all aspects of limitations on ABM defensive systems, it should be a long term commitment formalized in a treaty.
- There should be an interim solution to the question of offensive controls. Certain offensive weapons should be frozen to prevent widen-

ing of numerical differentials to a point which would necessitate additional American countermeasures. An interim agreement would not be as comprehensive as the ABM Treaty and further offensive limitations would be considered in a second phase of negotiations. Because it is only an interim measure, it is more appropriately concluded in a formal agreement of a different type.

—An essential linkage between the substance and duration of the documents dealing with offensive and defensive aspects must be preserved.

The extent of the interim offensive agreement is still under intensive negotiation, reflecting the greater complexity of questions related to offensive systems. We must weigh the advantages of prolonging the current stage of negotiations in order to reach agreements on every offensive system against the consequences of allowing the current Soviet buildup to continue, perhaps for a considerable period. Considering the overall balance of offensive systems, including our program of multiple warhead deployment, there will be no disadvantage for the U.S. in an interim freeze of certain systems. Moreover, Soviet willingness to limit the size of its offensive forces would reflect a desire for longer term solutions rather than unilateral efforts to achieve marginal advantages.

Achieving initial agreements to limit both offensive and defensive strategic programs will be a major step in constraining the strategic arms race without compromising the security of either side. On the other hand, if negotiations are protracted while the Soviets continue offensive missile deployments and development of new systems, the U.S. has no choice but to proceed with major new strategic programs. This is a reality of our competitive relationship. The SALT negotiations offer a constructive alternative to unlimited competition. I am confident that agreements limiting strategic arms are feasible and in the interests of both nations. Equitable agreements can only enhance mutual security. They would represent an enormous change in the course of our postwar competition.

Mutual and Balanced Force Reductions (MBFR)

Although negotiations to limit strategic arms are of fundamental significance to U.S.-USSR relations, the existence of large military forces in Central Europe provides another opportunity for increasing international stability by negotiated reductions. This issue, of course, is not primarily between the U.S. and USSR; it involves the vital interests of our allies and states of the Warsaw Pact.

The possibility of mutual and balanced force reductions was first raised by NATO in 1968, but thus far has elicited no specific reply from the USSR or the other Warsaw Pact countries. Not until the spring of 1971 did the Soviet leaders even acknowledge this Western initiative directly. Nevertheless, this Administration has conducted an intensive analysis of the issues in order that we and our NATO partners will be in the best possible position should negotiations develop.

We found that attitudes toward force reductions in Central Europe often reflected certain abstract assumptions that needed more extensive analysis. For example, there was the view that reductions could be primarily a means of political detente because it was believed that the military balance would not be affected as long as both sides were reduced by equal percentages. Therefore, the size of reductions could be determined on the basis of what proved negotiable, since an equal percentage reduction presumably would not alter the balance of forces. On the other hand, there were arguments that no reductions of any size should be considered because the USSR's geographic advantage enables the Warsaw Pact to reinforce forces more rapidly than NATO, and thus quickly compensate for earlier reductions.

In addition, there were also important technical questions to be resolved: how to establish criteria for equating the forces and equipment of several different countries; how to compensate for the fact that our forces would be withdrawn to the continental United States while Soviet forces withdrawn would return to the USSR, only a few hundred miles distant; and how to verify reductions, particularly smaller ones. Other forces might be disbanded within national territory, which would pose quite different problems of verification. Constraints would have to be introduced to verify that reduced levels were not exceeded, or that withdrawn forces were not being covertly brought back into the zone of reductions, and to provide confidence in the stability of the entire process by enhancing warning of any buildup of forces.

Obviously, a large number of questions needed detailed evaluation before concrete proposals could be developed. In close consultation with our allies, we initiated a systematic study. Our aim was to clarify common objectives within the Alliance in preparation for eventual negotiations with the other side.

In the first phase of our analysis we examined each individual element of force reductions: the forces of each nation, the various weapons systems, the variants in geographical areas, the constraints on reduced forces, and the requirements for verifying different increments of reductions of both national and foreign forces.

Subsequent phases have become more detailed and specific. We have used the analyses of the individual elements of reductions to develop illustrative models of agreements that reflect different concepts. Thus, two broad approaches to reductions have been examined:

- Proportionately equal ones applying the same percentage of reductions to both sides.
- Asymmetrical ones in which reductions would be made in differing amounts in various categories.

Having established a conceptual approach, we proceeded to evaluate the existing military balance in Central Europe. We then compared it with various alternatives to determine the military implications of a new balance of forces resulting from reductions. These analyses included:

- An examination of the changing ratio of forces as general mobilization proceeded.
- A determination of requirements to insure verification of an agreement.
- Development of a general sequence for negotiation. In this way the major effects were highlighted and the merits of each model could be compared with greater precision.

Certain tentative findings have emerged at this stage of preparations:

- Small reductions, on the order of ten percent or less, cannot be confidently verified to assure that reductions have actually taken place, especially those forces demobilized within national territories.
- Larger reductions can be verified, provided they are made under certain conditions and accompanied by measures to ensure continuing compliance.
- The USSR can mobilize and reinforce its forces in Central Europe much more rapidly than NATO. Therefore, an agreement to reduce forces simply on an equal percentage basis is inherently unfavorable to NATO, and the larger the percentage, the greater the inequity.

The results of our preliminary work have been furnished to NATO. Along with Alliance studies, it has facilitated internal NATO discussion on the direction of further analysis. We and our allies concluded last year that preparations had advanced to a point where it would be advantageous to discuss certain preliminary principles with the USSR. An exploratory mission, which would be led by former Secretary General of NATO Manlio G. Brosio, was proposed. The USSR, however, has not yet accepted this proposal.

Issues that could be usefully explored include the exact geographical

area for reductions, whether to reduce both foreign and national forces, and how the entire process of reduction could be balanced in a way that would create no military advantages for either side. Already, the extensive studies completed have laid a promising foundation for constructive discussions once the interest of NATO nations is reciprocated by members of the Warsaw Pact.

Undiminished military security for NATO is the only rational criterion for establishing force reductions. Thus, the process of reducing forces in Central Europe must create no unilateral military advantages. For this reason, we are examining alternative approaches. It may be possible to offset the Warsaw Pact's advantages under equal percentage reductions by reaching a more comprehensive agreement. Critical elements in such an agreement would include adequate verification provisions and effective constraints on the movement of forces. We are also evaluating the possibility of asymmetrical but equitable reductions which would preserve the overall military balance. Our analytical work will continue to concentrate on both of these alternative approaches.

Progress in International Agreements

Concern about arms control has not been restricted to the major powers. In recognition of this the United States a decade ago was instrumental in establishing a representative international forum for examination of arms control issues. The Conference of the Committee on Disarmament (CCD) has gradually become an important instrument for developing an international consensus.

This Administration has played an active role in this forum. As a result of our initiatives and in cooperation with other participants, some significant achievements have been recorded.

Biological and Chemical Arms Control. Early in this Administration we began a comprehensive review of biological and chemical weapons policy and programs.

—In following through on my declaration that the United States totally renounced the use and possession of biological and toxin weapons, we began a program for safe destruction of existing stocks that is scheduled to be completed this summer. We are converting facilities previously used for biological warfare research to major health and environmental safety missions. The sophisticated scientific facilities at Fort Detrick, Maryland, for example, will become a leading research center in the war against cancer; those at Pine Bluff Arsenal, Arkansas, are being turned into a new national research center to examine the biological effects on the environment of a number of chemical substances.

—With our clear example and strong support, the CCD agreed last September on the draft of an international treaty banning the development, production and stockpiling of biological and toxin weapons and requiring destruction of existing stocks. This international commitment is a unique milestone. Following its signature, I intend to submit this treaty to the U.S. Senate for its advice and consent to ratification this year.

Seabeds. A treaty banning weapons of mass destruction from the seabeds was signed in Washington on February 11, 1971 and subsequently submitted to the Senate. This is a significant achievement. The major powers have agreed not to place nuclear weapons on the ocean floor, an area which encompasses about 70 percent of the earth's surface. It has already been signed by more than 80 states.

Nuclear Non-Proliferation. Further progress has been made in restricting the spread of nuclear weapons to new regions. Following a unanimous vote of advice and consent by the Senate, the U.S. ratified on May 12, 1971 Additional Protocol II to the Treaty for the Prohibition of Nuclear Weapons in Latin America. Under this Protocol, the United States agreed to respect the nuclear-free zone created by the treaty, which is now in force for seventeen of our Latin American neighbors and applies to an area of over 2½ million square miles containing a population of more than 100 million persons.

New Areas for Progress

New areas for progress in controlling arms demand attention.

- In the Middle East the U.S. is committed to maintaining a military balance. Our fundamental position, however, is that the U.S. and USSR have a special responsibility to restrain the flow of armaments.
- In South Asia outside powers should assume a similar responsibility. Attempts to strengthen local forces through supply of major armaments have exacerbated tensions inherent in the political situation.
- Different forums, such as a world conference or a five power nuclear conference, have been suggested for dealing with arms control issues. The United States is willing to consider these and other efforts. However, rather than searching for new mechanisms or institutions, we believe that the primary challenge for the present is to complete the work already begun in the UN, in the CCD at Geneva, in regional arrangements, and, above all, in Soviet-American discussions.

Conclusion

Advances in arms control have enhanced prospects for a new era of greater mutual security in the world. The progress already achieved has helped provide a basis for new opportunities in 1972 to discuss constructively a broad range of differences with potential adversaries. Increased security will become a reality if together we can create a new structure of international understanding, stability and restraint.

In this period of transition, we cannot ignore the potential security threats to this nation and its allies or our obligation to maintain a credible and effective American military position. We are committed to progress in arms control, but I will not allow negotiations to become a subterfuge by which potential adversaries obtain military advantages. The continuing sufficiency of our strength is not incompatible with our arms control efforts; on the contrary, it helps create the conditions that make equitable settlements of political differences possible.

Consistent with the Nixon Doctrine, we will maintain those forces essential to deal with the challenges of the 1970's, and we will develop a solid foundation for strength over the long term to ensure against potential dangers in the future. Our security assistance programs will contribute to the strengthening of our allies and a more equitable sharing of defense burdens in our common interest.

This is a year of historic new opportunities for building a more stable world. The continuing cohesiveness of our alliances and the continuing strength of our common defense are essential to achieving this goal.

THE UNITED NATIONS

"With the world in urgent need of a dynamic, effective international organization, it is appropriate for us as a people and as individuals to renew our sense of tough-minded dedication to making the UN work."

Proclamation of
United Nations Day
July 9, 1971

The United Nations is an experiment in cooperation among nations. It is a mistake to assume that its success is foreordained or its ultimate result altogether predictable. It is a mistake either to exaggerate its capability or to underestimate its potential.

No one knows what role time and success might bring to the United Nations. It is conceivable that it may ultimately come to play a definitive role in the settlement of international disputes. But that is for the future to determine.

We have reached a point at which it is no service to the idea of the United Nations and no contribution to its future to blink at its limitations. We believe the United Nations is now entering a crucial period. A pervasive skepticism concerning the UN is widespread, and was reflected in the speeches made in the recent General Assembly session and in several actions taken by the Congress of the United States. Our obligation to the future requires that we face that fact squarely. We believe that the time has come for a large dose of realism and candor in United States policy toward the United Nations.

The United Nations is not a world government, rendering and enforcing sovereign judgments on conflicts between its members. Rather, it is itself a collection of sovereign states, and the unique virtue on which it must rely is the ability to encourage accommodation of conflicting sovereign interests. It has only limited authority to do more. It is unlikely to grow in authority if it does less.

This Administration will, therefore—as it has since its beginning—strive to focus the United Nations constructively on the tasks it does best. They are many and they are important. We will, above all, conduct our UN activities in such a way as to preserve and enhance the potential of the world organization to grow, as the world grows, toward understanding, tolerance and the sublimation of national conflicts of interest.

This requires that we be frank in assessing the weaknesses in the current UN structure and performance, and in asserting the need for im-

provements. We will do this not only because the UN's health is essential to the present, but because we attach profound importance to its future.

Many important reforms are needed. Secretary General Waldheim has indicated that he is aware of the need for reform and for actions to strengthen the United Nations. We fully support him in his determination to come to grips with the UN's problems.

Major Problems of the United Nations

The United Nations now faces four problems upon which progress must be made if the organization is not to suffer, perhaps grievously.

1. Preserving the World Peace. This is the UN's fundamental purpose. Two things are equally clear about its performance to date. It has been far short of satisfactory—and it has been far better than nothing.

By its mere existence, the UN serves as a constant forum-in-being in which resolutions of conflicts can be sought. It thereby makes an essential and irreplaceable contribution to the machinery of peacekeeping.

The peoples of the world, however, expect more of the UN than merely to furnish an institutional device for facilitating negotiations between conflicting parties. People expect the UN, as an institution, to act as a force for peace. It is, therefore, a matter of grave concern that the members of the UN have too often and too consistently prevented it from doing so.

That is why it was a severe blow to the moral authority of the UN that it was unable even to moderate the India-Pakistan conflict. The foremost function of the Security Council should be to prevent the use of military force by one UN member against another. In this crisis, the Soviet veto rendered the Security Council impotent, and thereby depreciated that body and had the paradoxical effect of confirming the new conditions created by the resort to military force.

It is a bleak truth that on that occasion a call for a ceasefire and withdrawal was vetoed by a great power whose forces were not involved in the dispute. The veto had been used only once before in the history of the UN in that way—that time also by the Soviet Union. That use of UN machinery is not consistent with the obligations of a great power.

Clearly, the UN depends upon the cooperation of its member states—particularly the permanent members of the Security Council—to realize its potential for keeping the peace. Clearly, that fact limits the UN's peacekeeping ability. It need not, however, lead to paralysis as it did in the India-Pakistan crisis.

Precisely because the major powers carry the prime responsibility for world peace, they also carry the responsibility for ensuring the creative

and realistic use of the world organization's potential for contributing to peace.

There are four primary methods by which the UN, acting as an institution, can attempt to keep the peace. The first is through recommendations or mandatory decisions of the Security Council. The second is through resolutions embodying the will of the General Assembly. The third is through peacekeeping missions sent into conflict-ridden areas. The fourth is the voluntary resort by states in dispute to resolution of their conflict either by an ad hoc authority or by the International Court of Justice.

The current situation with respect to all four of these mechanisms is not encouraging, as the India-Pakistan crisis made clear. The Secretary General's offer of good offices was not accepted by India. Following the outbreak of hostilities, resort to the veto thwarted Security Council efforts to prevent the use of military force by one state to change the internal structure of another. Although the General Assembly voted overwhelmingly for a ceasefire and withdrawal, resolutions by that body are not mandatory and are therefore effective only to the extent that they constitute an impressive expression of world public opinion. Even then, they have effect only if the conflicting parties are sensitive to such an expression. India, in fact, ignored the General Assembly resolution.

It is in the dispatch of peacekeeping missions to strife-torn areas (the Middle East, Kashmir, Cyprus, the former Congo) that the UN has, in the past, been able to make major contributions. We are concerned that the use of this device for controlling international conflict has become increasingly difficult.

The crux of the problem has been the insistence of the Soviet Union that the Security Council should exercise direct, detailed, and day-to-day control over peacekeeping missions. Such an arrangement would, of course, subject to the veto almost any aspect of the organization, operation, or activities of a UN peacekeeping mission.

We think such an arrangement would be so cumbersome as to preclude effective operations. We agree with the Soviet Union that the Security Council should maintain overall supervision and furnish policy guidance for peacekeeping missions. But we think it essential that the Secretary General have sufficient authority to handle day-to-day problems effectively as they arise.

Our earnest efforts to resolve this problem have, thus far, been fruitless. Over the course of the next year we will make a further effort to work out a solution. The presence of the Peoples Republic of China in the Security Council will obviously affect the chances for success, but it is too early at

this stage to know whether the Chinese presence will facilitate, or constitute an additional serious barrier to, a solution.

Nations have shown little willingness to seek voluntary adjudication of their disputes. In 1971, for example, the International Court had before it only two cases, and one of those for an advisory opinion.

Despite the apathy shown at the last General Assembly on this matter, there may also be an opportunity to reinvigorate the role of the International Court of Justice. In the coming year, the United States will be alert for disputes to which we are a party which might be resolved through the use of the International Court. We are, for example, prepared to place before the World Court our dispute with Ecuador over fishing rights. It may thus be possible, by example, to strengthen this potentially important aspect of the UN system's dispute-settlement machinery.

2. Confrontation versus Negotiation. The effectiveness of the UN continued to be impaired this year by an excessive resort to the politics of confrontation by members who placed group solidarity above the need for a realistic consensus. Political debates continued to be long on rhetoric and short on concrete accomplishment.

When views are strongly held and widely shared among members, it is natural and right that they find expression. It is true that countries will naturally attempt to further their national objectives inside the UN as well as out. It is also true that violence of language is preferable to violence of action.

But the world does not need, and the United Nations was not created to serve as, a cockpit in which conflicting national positions can be made irreconcilable. Nor is it the purpose of the United Nations to award "victories" or register "defeats". It is, rather, the business of the United Nations to serve as a forum for moderating disputes, for asserting the larger world interest in the pacific resolution of conflict.

As we pursue the path of negotiation rather than confrontation in our national policies, we shall work in the United Nations for a spirit of accommodation and an atmosphere of civility, which even among enemies encourages reconciliation.

A case in point was the UN's handling of the Chinese representation issue. A continuing and consistent policy of this Administration has been to encourage the Peoples Republic of China to play a constructive role in the community of nations. The time had clearly arrived to welcome them in the United Nations, and we ourselves put forward a resolution which would have accomplished this.

At issue, however, was the status of the Republic of China, which has a population larger than two-thirds of the UN members, and had been a constructive and valuable member of the organization since its founding. We did not believe that the UN needed to take a position on the juridical relationship between the Peoples Republic of China and the Republic of China. That could, and should, have been left to them to work out.

The United States understands majority rule, and accepts the UN decision. But that does not change our view that it was unnecessary and unfortunate that the UN closed its eyes to one reality, at the very moment when it was recognizing another.

3. The UN Financial Crisis. The United Nations is on the edge of bankruptcy. The basic cause of this deepening financial crisis is the long-standing refusal of the Soviet Union, France, and several other countries to pay their share of the cost for UN peacekeeping missions sent to the Congo and the Middle East. These same countries also refuse to pay their share of related "peacekeeping" items in the regular annual budget of the UN, primarily retirement of the bonds that the UN was forced to issue in 1962 to pay its peacekeeping debts. In addition, the Soviet Union and some of the East European nations persist in paying their annual assessed share of the UN's regular technical assistance programs in rubles, most of which cannot be utilized by the UN and must therefore be carried as arrearages. South Africa also has withheld payment of its share of certain UN activities which it opposes.

These practices have created a serious deficit for the organization, and the simple fact is that for some years the UN has not received sufficient revenues to meet its voted budgets and authorized expenditures. As a result, the UN's working capital fund has been exhausted and the organization has become increasingly dependent on emergency stop-gap measures to meet its daily operating expenses. In the coming months, even such desperate measures may not be sufficient.

This is an intolerable situation. The immediate need is to take steps to prevent further growth of the deficit. During the past session of the General Assembly, the United States delegation proposed a series of measures to prevent UN expenditures from exceeding cash income. We welcome Secretary General Waldheim's decision to take a number of austerity measures as one of his first acts upon taking office. Austerity will lead to criticism, but it should not be directed at the Secretary General but at those UN members whose failure to meet their obligations has made it necessary.

Urgent as it is, however, the prevention of the further growth of the deficit is not a sufficient response to the UN's financial problems. As

long as the accumulated deficit remains, the day-to-day financing of UN operations must be considered precarious.

The solution should go beyond the immediate problem to the reconstruction of an effective instrument of international cooperation deserving our confidence. The United States is prepared to play a constructive role in the search for such a solution. We will not, however, take the initial or major responsibility for making up a deficit created by the policies of other countries.

4. The Need for a Wider Sharing of the Costs of the UN. There is another aspect of the UN financial arrangements which requires candor. It is fashionable to dismiss the cost of the United Nations as a pittance compared with the cost of other activities, such as defense. However, this does not relieve us of responsibility to scrutinize those expenditures carefully to determine that the costs are equitably shared and that the benefits justify them. The total expenditures of the UN system in 1971, including the Specialized Agencies and voluntary programs, exceeded \$1.1 billion. The contribution from U.S. public funds was \$462 million (including about \$150 million for East Pakistan relief). It is self-evident that expenditures and budgets of such magnitude must be subject to the same careful review which other uses of public money undergo.

The UN's regular assessed budget is about one-fifth of the costs of the whole UN system. The General Assembly decides both the size of this budget and the percentage which each member state is required to contribute. This percentage is based primarily on capacity to pay. When the UN was founded, the U.S. yearly assessment would have been about 49 percent on a strict capacity-to-pay basis. We thought then, and we think now, that it is unhealthy for a world organization to be excessively dependent upon the financial contribution of any one member state. Accordingly, the first U.S. assessment was set at 39 percent, and over the years we have succeeded in reducing our assessed contribution to its current level of 31.52 percent.

Last year, I appointed a distinguished group of Americans under the chairmanship of our former Ambassador to the UN, Henry Cabot Lodge, to study U.S. participation in the UN. Among its recommendations to improve the UN and our role in it, the Commission concluded that the United States should seek to reduce its contribution to not more than 25 percent of the assessed budget of the United Nations, using this saving to increase our voluntary contributions to other UN programs.

We are fully aware that an assessed contribution of that level would mean that many UN member states would be paying a greater propor-

tion of their Gross National Product to the UN than would the United States. Indeed that is the case now, and has been since the foundation of the United Nations. However, the implications for the health of the organization and the views of the American public and the Congress regarding the proper size of the U.S. contribution to the UN budget cannot be ignored. Capacity to pay is a valid general guide to assessments, but it is not the only guide. Prudence and political realism dictate that no one country should be assessed a disproportionate share of the expenses of an organization approaching universality in which each member, large or small, has but one vote. That is particularly true when experience has shown that the major contributing countries are unable to exercise effective control over the UN budget.

It is, therefore, the policy of this Administration to negotiate with other UN member states an arrangement by which the U.S. contribution to the assessed budget of the United Nations and its Specialized Agencies will be brought down to the level of 25 percent. In view of the UN's current financial difficulties, and of the requirements of international law, we must proceed in an orderly way in reaching this goal. It is unrealistic to expect that it can be done immediately.

This 25 percent limitation should not and will not apply to the voluntary contributions upon which many of the more important UN functions are now dependent. Current UN activities financed by voluntary national contributions include such activities as narcotics control, disaster relief, major economic assistance activities (the United Nations Development Program), population control, etc. All these are activities to which individual nations contribute, or not, as each sees fit. The size of each nation's contribution is determined by its own interest in the program. In most instances, the U.S. share of the cost of these programs is larger than our assessed share of the regular UN budget. That is a matter of national choice. The United States will continue to make generous contributions to activities of this kind which we have a particular interest in encouraging.

The Funding of Technical Assistance

In a number of the Specialized Agencies of the United Nations and in the UN itself a substantial portion of their assessed budgets is being devoted to economic or technical assistance projects for less developed countries. Given the voting realities in these organizations, this means simply that the United States and other major contributors have very limited control over the degree of financial support which they are required to give to such activities.

While the funding of such assistance out of assessed contributions may have been understandable before the UN Development Program was established, it can no longer be justified. We believe that the assessed contribution of the UN Specialized Agencies should relate to the administration of the organizations themselves and to activities of common benefit. Assistance which benefits only some countries, however desirable, should properly be funded through voluntary national contributions, thus permitting each country to determine for itself the amount of its own national resources which should be applied to these purposes.

We recognize the hope among some developing nations that their voting strength in UN organizations can be used to force an increase in the economic assistance which they receive from the developed countries. The aim is not unworthy. But the means can easily become self-defeating.

Economic aid programs depend upon political support in the developed countries, whose taxpayers are the ultimate donors. This support cannot be compelled. Attempts to use the one nation-one vote principle to do so will, in the long run, endanger this whole important area of UN activity.

The Decline in Congressional Support for the UN

During the past year, the United States Congress took four actions which require mention in this report:

- The House of Representatives, although the action is not final, for the first time refused to provide a voluntary contribution to the UN Development Program (UNDP).
- For the second year in a row, the Congress refused to pay the United States assessed dues to the International Labor Organization.
- The Congress failed to provide the U.S. contribution to the expansion of the UN Headquarters facilities in New York City.
- The Congress exempted strategic and critical materials, notably chrome, from the U.S. implementation of the mandatory UN sanctions on imports from Rhodesia.

It would be a mistake to conclude that these actions were motivated by Congressional hostility to the United Nations. These were not concerted actions, and they took place for a variety of reasons. But it would also be a mistake not to recognize the implications of these actions. They could hardly have taken place if the UN, as an entity, enjoyed stronger support in the Congress and among the American people. That fact is, I believe, far more significant than the individual arguments upon which the Congress based its decisions.

A reduction of U.S. support for the UNDP would be particularly unfortunate. The UN system has gradually become a major instrument for encouraging economic and social progress in the developing countries, and the UNDP is the primary instrument by which the UN fills this role. The United States has been the major contributor of funds to the UNDP, and since its inception the UNDP has been headed by a distinguished American, Paul Hoffman.

Last year there were several developments which should reconfirm the American attachment to this program. Progress continued in making the UNDP's machinery more efficient. The contributions to the UNDP from other countries were significantly increased. And when Paul Hoffman retired at the end of the year, the UN chose another outstanding American, Rudolph Peterson, as his successor. The UNDP deserves our continuing support.

During its current session, the Congress must also face the problem of American participation in the ILO. The United States is now almost two years in arrears, and therefore on the verge of losing its vote under the ILO rules. There were cogent reasons behind the Congressional dissatisfaction with the ILO. During the past two years, however, the ILO has responded to our efforts to revitalize its tripartite structure and procedures. It is simply not consistent with our national dignity to attempt to maintain influence and membership in the ILO if we are not prepared to pay our dues. This Administration will, therefore, have no choice but to give notice of withdrawal from the ILO unless the Congress sees fit to provide our assessed contributions to that organization.

An Area of Progress—The New Dimension in Diplomacy

A candid recognition of the problems which we see in some aspects of the current UN performance should not lead us to lose sight of the fact that it continues, in other areas, to make significant progress and to contribute mightily to the well-being of mankind.

General public knowledge of the UN is limited to the major conflicts in which it becomes involved. But the UN is also deeply engaged in a wide range of constructive activities in what I have called the "quiet side" of the UN. These activities never make headlines, but that is no measure of their importance. The UN is irreplaceable and indefatigable in fostering international cooperation in science, health, agriculture, navigation, communications, and many other fields. The fact, for example, that we no longer need smallpox vaccinations is largely due to the patient, world-wide work of the World Health Organization.

In earlier reports to the Congress and in my appearances before the UN General Assembly, I have commended to the attention of the UN a series of urgent global problems. This is the new dimension of diplomacy, brought about by the technological revolution. It consists of problems which by their very nature involve all the nations of the world, and can be satisfactorily met only in a context of the broadest international cooperation and agreement. All men share an interest in clean air and water, though they may differ on how the costs of achieving these benefits should be allocated. The vast majority of men wish to preserve themselves and their fellowmen from drug addiction and to protect international travel from air piracy. They wish to see the frontiers of space and ocean so regulated as to minimize the potentialities for human conflict, and to see an effective organization to provide disaster relief.

These problems constitute a major opportunity for the United Nations system. At a time when political realities inhibit the UN's ability to meet some of its original purposes, the new dimension of diplomacy gives to the UN an agenda of urgent tasks. Their successful accomplishment will not only be a significant contribution to the well-being of mankind, but will also serve to inculcate and nurture among nations the habit of cooperation for the general good—and for the ultimate acceptance of the rule of law to govern international relations. That, after all, is the heart of the purpose for which the UN was founded.

The UN possesses special and unique capacities for dealing with these problems. It has in being a trained Secretariat. It can attract the expert talent required. It can direct attention to the transcendent global interest in these problems, to which national interests must be accommodated. Finally, it can use its moral authority to stimulate international action.

The progress made in the past year is described in the following chapter of this message, but it is gratifying to report here that the world community has begun to act vigorously in these areas, and that the United Nations is playing a central role.

The Essential Task of the UN

Ours is the age when man has first come to realize that he can in fact destroy his own species. Ours is the age when the problems and complexities of technological revolution have so multiplied that coping with them is, in many ways, clearly beyond the capacities of individual national governments. Ours, therefore, must be the age when the international institutions of cooperation are perfected. The basic question is—can man create institutions to save him from the dark forces of his own nature and from the overwhelming consequences of his technological successes?

I believe profoundly that the answer is yes, and that a healthy and increasingly vigorous United Nations is essential to success. But the task is too important for mere sentimentality. We cannot afford to confuse good intentions with genuine accomplishment. That is why we shall pursue the goal of an effective United Nations with the same hard-headed realism and dedication that we devote to our other national goals.

NEW DIMENSIONS OF DIPLOMACY

"Thus there has come into being a new dimension in the foreign policy of the United States, not as a matter of choice and deliberate action on our part, but as a reflection of the demanding realities of the world in which we live."

U.S. Foreign Policy for 1970's

Report to the Congress

February 25, 1971

The rise of modern science and the technological revolution it has brought in train have been monuments to the creativity of man and powerful catalysts to a betterment of the human condition. Yet man cannot escape the irony of history—solutions to old problems spawn new ones.

- In our time, man has mastered distance as it is measured on this planet. But modern transport and communications can lead to poisoned air, polluted water, the dissemination of corrupting and dangerous drugs, and air piracy for personal or political advantage.
- Man is rapidly developing the ability to exploit the new twin frontiers of the ocean and outer space. However, being rich in potential benefits, these frontiers are also potential sources of international dispute.
- Man is on the threshold of ending his vulnerability to pestilence and famine. But one of the results of this boon is a new specter of uncontrollable population growth.

We have no choice but to cope with the new problems of technological civilization. Individual governments must do what they can, but in a world grown small, these issues must be recognized for what they are—problems of the human species to be addressed on a global scale.

This is one of the great challenges of our time. Human rationality enables us to see the need clearly, but it is sobering to reflect that in the past it has always been more effective when applied to nature than when directed to the intractable difficulties of getting man to cooperate with man.

I have in the past called on the international community to focus attention and energy on these problems. I am happy to say that the response has, in general, been vigorous. The global challenge has been accepted and the new tasks for diplomacy are being addressed.

The Oceans

Future generations may well look back upon the 1970's as the decade in which the nations of the world made the fundamental decisions regulating the use of over two-thirds of our planet.

The task is urgent. Technological advances have made all nations increasingly aware of the new benefits which the ocean can yield. Competition among nations for control of the ocean's resources, and the growing divergence of national claims, could constitute serious threats to world peace.

The United States relies upon the seas to meet its global responsibilities. Our security, and that of our friends, depends upon freedom of navigation and overflight of the high seas, and on free movement through and over international straits. A significant portion of our strategic deterrent is seaborne. The trend to more extensive territorial sea claims by other nations thus threatens very directly our national security.

Shortly after taking office, this Administration began what is probably the most comprehensive review of U.S. oceans policy in our history. Several conclusions emerged.

First, multilateral agreement is essential. Nations have interests in the seas which differ widely and result in different national priorities. Unilateral claims to the sea or its resources force other nations to make a stark choice between confrontation and acquiescence in situations prejudicial to their interests. Neither result contributes to stable world peace.

Second, freedom of navigation and overflight must be protected. Any significant diminution of such freedoms beyond a narrow territorial sea would fundamentally affect international security and trade. The basic political decision, made centuries ago, that nations would not interfere with each other's rights to communicate by sea must be preserved. We need, however, to reconcile traditional uses of the seas with their new potential.

Third, an equitable system must be established for regulating the exploitation of the resources of the ocean and seabeds beyond national jurisdiction. The value of the resources ensures that exploitation will follow promptly the development of the necessary technology. Therefore, it is essential to set up a system under which the exploitation will contribute to, rather than endanger, peace among nations. No state should be permitted to treat these resources as an exclusive national property or to exploit them in a manner harmful to the interests of other states or the global environment. Moreover, the smaller and poorer nations of the world should be given a fair share of the benefits from these resources, which are the common heritage of mankind. While nations with long

coastlines can acquire this share from resources solely off their own coasts, others with short coastlines or none at all must look to a reasonable international system if they are to receive a fair portion of the ocean's wealth. A system which permits a just allocation of ocean resources is, therefore, an important ingredient of a stable arrangement which all nations will support because all have a stake in its preservation.

Fourth, it is not possible for any nation, acting unilaterally, to ensure adequate protection of the marine environment. Unless there are firm minimum international standards, the search for relative economic advantage will preclude effective environmental protection.

These principles underlie the new U.S. oceans policy which I announced in May 1970 and the detailed proposals we have made to the world community since then.

Our initiatives have received a ready response. Following considerable discussion in the fall of 1970, the UN General Assembly called for a comprehensive international conference for 1973. A multination UN Seabed Committee was given the job of drafting, in the interim, the agreement required to assure the success of that conference.

The U.S. has put forward four detailed proposals—on the seabeds, the breadth of the territorial sea, transit through straits, and living resources. The first of these proposals was given to the UN in August 1970 in the form of a draft United Nations convention on the international seabed area. I described its essentials in last year's Report to the Congress.

On August 3, 1971 we supplemented this initiative by putting forward proposals on the breadth of the territorial sea, on free transit through and over international straits, and on carefully defined preferential rights over fisheries.

Breadth of Territorial Sea. The U.S. has adhered to a three-mile territorial sea for almost two centuries. The claims of other states vary widely, ranging to a maximum of 200 miles. There is a clear need for a uniform territorial sea and a general sentiment in the international community that it should be somewhat broader than three miles. We therefore proposed that the maximum breadth of the territorial sea be set at 12 miles.

Straits. Since many straits used for international navigation, however, are less than 24 miles wide, and thus would be completely overlapped by a 12-mile territorial sea, the U.S. put forward, as a condition to our agreement to a 12-mile territorial sea, a provision for a new right of "free transit."

That provision is essential because the ambiguous doctrine of "innocent passage" would otherwise apply, and states bordering straits would

be required to decide which ships and planes should, and which should not, pass. Domestic and international pressures could be brought to bear on every decision. The oceans are too vital a highway of communication, and guaranteed passage through straits is too essential to our security, to be subject to such uncertainty. At the same time, the U.S. recognizes that adjacent coastal states do have legitimate concerns about traffic safety regulations and pollution, and has indicated its willingness to accommodate these concerns in a manner not prejudicing the basic right of free transit.

Living Resources. The question of fisheries management and conservation is intimately associated with the world's food needs. Fish are a primary source of protein for nations with low nutritional levels, and they make the difference between starvation and survival for millions of human beings. Modern fishing methods and careless conservation practices have now made it painfully clear that international and regional cooperation is urgently needed to maintain the productivity of this valuable, self-replenishing resource. There is, however, an inherent conflict between the interests of those who fish off the coasts of other countries, and the coastal states themselves. The former seek to protect what they consider traditional rights. The latter seek recognition of their priority interest in the resources off their own coasts.

The U.S. proposal on fisheries offered a pragmatic solution based on sound conservation practices. Appropriate worldwide or regional fisheries organizations would be established to regulate the harvest of the living resources of the high seas. Coastal states would be recognized as having a priority interest based on their actual fishing capacity. Traditional fishing rights would be a matter of negotiation between the coastal and distant-water fishing states most concerned. All states would be eligible to fish for the remainder of the allowable catch. Special provisions would be made for highly migratory stocks and anadromous species, for enforcement procedures, and for compulsory dispute settlement.

In summary, the U.S. is deeply engaged in an international effort to write a new law of the sea. We have put forth comprehensive proposals designed to harmonize the multiple uses of the oceans. There is no inherent incompatibility between proper utilization of ocean resources and traditional freedoms of the sea. But territorial concepts such as absolute sovereignty cannot be applied either to seabed resources beyond the limits of national jurisdiction or to international navigation rights. Modified maritime doctrines and rules are needed to accommodate the diverse interests involved. The time has arrived for monumental decisions on the law of the sea, and the U.S. has acted forthrightly to meet the challenge.

Control of Drug Abuse

Narcotics addiction continues to spread at an alarming rate, in the United States and elsewhere. In my message to the Congress on June 17, 1971 I said that the problem had assumed the proportions of a national emergency, and I committed this Administration to the leadership of an intense international attack on the supply, demand, and illicit traffic in narcotics and other dangerous drugs.

In August, I established a Cabinet Committee on International Narcotics Control under the chairmanship of the Secretary of State. This committee is charged with the formulation and coordination of all policies of the Federal Government relating to the goal of curtailing the flow of narcotics and other dangerous drugs into the United States.

Turkey has been the single most important source of the opium which is converted to heroin marketed in the U.S. Therefore, it was a signal achievement when, on June 30, 1971 the Prime Minister of Turkey announced that Turkey will ban all production of opium after the 1972 crop is harvested. We must now be particularly vigilant against others stepping in to replace the illicit heroin supplies which formerly originated in the Turkish poppy fields.

Southeast Asia is another major source of illicit drugs, and during the past year important steps were taken to tighten controls in that area. In September, the United States agreed to support Thailand's efforts to suppress the supply and trafficking in illicit narcotics and dangerous drugs. In November, the Government of Laos put into effect a tough new narcotics law banning the manufacture, trading, and transportation of opium and its derivatives, including heroin. Subsequently Laos placed strict controls on the importation and distribution of acetic anhydride, a key ingredient in the production of heroin. In addition, President Thieu has sent an anti-narcotics law to the Vietnamese National Assembly. During November the Government of Australia sponsored a meeting of regional narcotics officials to discuss and develop regional approaches to the drug problem in Asia.

These actions will contribute positively to combating the drug problem in Southeast Asia, and, in particular, to reducing the flow of heroin to American servicemen in the area.

On February 26, 1971 the Attorney General and the French Minister of the Interior signed an agreement for the detailed coordination of our two governments' attack on the illicit drug traffic. The primary objective of this joint effort is the discovery and destruction of heroin conversion laboratories in southern France, and the interception of the illicit heroin traffic from France to North America. The Canadian authorities have

also joined in this endeavor. Seizures and destruction of illegal narcotics shipments in the France-North America channel increased during the past year in the wake of this combined effort.

The Governments of the United States and Mexico have been cooperating closely in narcotics control since 1969. That effort has resulted in the seizure by Mexican authorities of hundreds of pounds of crude opium, heroin, and cocaine and the destruction of over 12,000 fields of marijuana and opium poppy. Mexican officials have also intercepted large quantities of psychotropic substances intended for illegal sale in the United States.

At United States initiative, a United Nations Fund for Drug Abuse Control was established in March to finance a concerted worldwide action program. We made the initial pledge to the fund of \$2 million, which has been augmented by pledges from several other countries including substantial amounts from Canada, Germany, and France. We are encouraging more countries to contribute, and we will seek additional U.S. contributions from the Congress when required. The fund will assist UN members to reduce both the illegal demand for and supply of dangerous drugs.

In March 1971, we also proposed amendments to increase the effectiveness of the 1961 Single Convention on Narcotic Drugs. Under the Convention's present terms, parties are committed to restrict the production, manufacture, export and import of narcotic drugs so that they will be used exclusively for legitimate medical and scientific purposes. Compliance with these undertakings, however, is essentially voluntary. Our amendments are designed to tighten compliance, and we are conducting extensive diplomatic consultations throughout the world to support this objective. An international conference will be held in Geneva in March 1972 to consider these and other proposals to amend the Convention.

Cooperation in control of dangerous drugs works both ways. While the sources of our chief narcotics problem are foreign, the United States is a source of illegal psychotropic drugs—such as LSD and other hallucinogens, the amphetamines, barbiturates, and tranquilizers—which afflict other nations. If we expect other governments to help stop the flow of heroin to our shores, we must act with equal vigor to prevent equally dangerous substances from going into their nations from our own. Accordingly, following the signature last year by the United States and 22 other nations in Vienna of a Convention on Psychotropic Substances, I sent it to the Senate for its early advice and consent to ratification. This is the first international agreement to combat the abuse of psychotropic substances. It will bring these drugs under rigorous controls

similar to those envisaged for narcotic drugs under a strengthened Single Convention.

In summary, during the past year our Government has made an intense effort to widen and strengthen controls over narcotic and other dangerous drugs, both domestically and internationally. It is gratifying to report that these efforts are enlisting increasing international support.

Aircraft Hijacking and Sabotage

The growth of air transportation has brought the people of the world in closer contact with each other. Perhaps it was inevitable that some would find the means of preying upon this bounty. If so, it is equally inevitable that the world must protect itself against air hijacking and sabotage. It is doing so.

The aircraft hijacking convention, negotiated in The Hague in December 1970, requires contracting states to extradite or prosecute hijackers apprehended on their territory. More than 80 states have signed the convention thus far. In September a companion convention was concluded at Montreal on suppression of other unlawful acts against civil aviation, notably sabotage. This agreement, too, provides for the prosecution or extradition of offenders.

These two conventions will increase the likelihood that hijackers, saboteurs, and persons committing other attacks against civil aircraft will be punished—regardless of the motive, where the act took place, or where the criminal is found. Universal ratification would ensure that air pirates could find no place to hide.

We intend to press for wide adherence to these agreements and for continued international cooperation, including exchanges of information on security measures. We will also continue to urge international agreement to suspend air services to countries which refuse to cooperate in the release of hijacked aircraft and in the punishment of hijackers.

Population Growth

The worldwide population growth rate is still explosive. It implies vastly larger numbers of people in each future decade—numbers far beyond the capacities of most countries to educate, employ, house decently, or even feed adequately. This is a problem of the greatest urgency. The international community must give priority to the task of preventing these potential tragedies from becoming realities.

Last year, we continued to encourage and support United Nations leadership in this field. We pledged to match the contributions of other

countries to the United Nations Fund for Population Activities, which has grown with a speed which demonstrates that the world community realizes the exigent nature of the problem. In only its second year of existence, the fund was able to provide \$31.6 million to the population control activities of UN agencies and 58 countries. At the same time, our Agency for International Development contributed funds, training and technical support to the population control programs of 33 countries. AID also provided support for several lines of research which hold considerable promise for greatly improved means of fertility control.

Protection of the Environment

The earth's resources of air and water are not—as we used to think—unlimited. There is a common requirement of mankind for fresh air, clean water, and uncontaminated soil. This interest is threatened, and the international community must respond to the challenge. Discussions were held in a variety of forums last year, and we should expect soon to see results beginning to emerge.

Preparations are well underway for the UN Conference on the Human Environment to be held in Stockholm this June. We expect the Conference to encourage global monitoring of the oceans, the atmosphere, and the ecological systems. The Conference will also focus attention on such immediate practical problems as managing urban areas, providing potable water, and disposing of solid waste.

As a contribution toward specific accomplishment, the United States has introduced a draft convention on ocean dumping and is participating in the development of a World Heritage Trust Convention, both for possible completion at Stockholm. We hope the Stockholm Conference will also bring greater support for an international agreement to protect endangered species.

Cooperation on the pressing problems of modern society has become an important third dimension of the Atlantic Alliance. NATO's Committee on the Challenges of Modern Society (CCMS), established at our suggestion in 1969, continues to develop new initiatives in such fields as advanced health care services, waste treatment, and urban problems. As a result of a CCMS road safety project, all major automobile producing countries are now developing experimental safety vehicles designed to reduce auto injury rates worldwide. Agreement has been reached on a systems approach to air pollution problems, including jointly developed air quality criteria based on health factors, and the CCMS initiative to eliminate oil spills has stimulated broader international attention to that problem.

An Environmental Committee of the Organization of Economic Co-operation and Development was established in 1970. The United States has taken the lead in seeking guidelines that would avoid trade problems that could result from national measures to abate pollution. The Committee has also arranged for systematic consultation on government action to control the use of chemicals, including pesticides, and is now considering general guidelines for government policies in this field.

The Economic Commission for Europe held a symposium on the environment in Prague last May, and took steps to promote East-West co-operation to deal with common environmental problems.

Significant progress was made last year to combat the oil pollution of the world's oceans and shorelines. In October, the major maritime nations adopted regulations on the size of tanks in oil tankers, which will reduce the spillage of oil as a result of accidents. We are negotiating actively on a new convention to ban all intentional discharges from vessels. And we have successfully concluded two conventions which will provide rapid and certain compensation, on a strict liability basis, to victims damaged by oil spills.

In addition to these multilateral efforts, the U.S. has broadened bilateral discussions with our immediate neighbors, Canada and Mexico, and with Japan, Argentina, Italy, and others, to solve certain basic environmental problems of particular concern to us.

We are, therefore, rapidly overcoming the initial lack of recognition of the need for international cooperation to protect the environment. However, the world community now faces a more difficult problem, that of determining how the cost of remedial action is to be assigned. We believe that a keystone in the effort to develop compatible national approaches should be the principle that the polluter pays for the economic costs of environmental control. It is the objective of this Administration that the costs of pollution control be allocated in a uniform manner among different countries. Otherwise, international trade patterns would be distorted, and we do not think economic disadvantages should accrue to nations because of efforts made in a common cause.

Outer Space

As our astronauts have seen, the unity of the Earth is experienced most vividly from outer space. And conversely, seen from our planet, space itself is a frontier to mankind as a whole, not merely to individual nations. Space is, therefore, an unparalleled field for cooperation among nations.

As we move into the second decade of space exploration, the U.S. is committed to work with others in space for the benefit of all mankind.

We are taking whatever steps can reasonably and properly be taken to work with other countries in the development of their space skills.

Specifically, we have assured the European Space Conference that its member countries may obtain our assistance in launching satellites which are for peaceful purposes and which are consistent with international obligations embodied in such agreements as the Outer Space Treaty and the arrangements for the International Telecommunication Satellite Consortium (INTELSAT). We are prepared to consider such assistance to other interested countries. In addition, we are working closely with the Europeans on the concepts and design of a reusable space transportation system.

Over the past year, NASA has agreed with the Soviet Academy of Sciences to significant cooperation in specific space tasks, and in the exchange of information and plans concerning our respective space programs. We have exchanged samples of lunar soil. We are examining together the means to enable Soviet manned spacecraft and our own to rendezvous and dock in space. Joint expert groups have been meeting to arrange details of further collaboration in space meteorology, biology, and medicine, in the study of the natural environment, and in exploration of the moon and planets.

In 1971, after years of negotiation in which the United States has played a leading role, the United Nations General Assembly approved an Outer Space Liability Convention. The Convention, when it enters into force, will provide for the payment of compensation for damage caused by space activities.

Last year also brought a new definitive charter for the operation of INTELSAT. When ratified and signed by two-thirds of the 80 member countries, sometime this year, this will replace the interim arrangements under which INTELSAT has been operating since 1964.

Disaster Relief

Each year, the sudden, savage violence of natural and man-made disasters strikes at millions of our fellowmen. Despite the certainty that disasters will continue to occur, the world community has been very slow in establishing a central mechanism to plan for and coordinate disaster relief.

We have encouraged the United Nations to meet this need. Last year, the General Assembly voted to create a coordinator for disaster relief. He will have a small staff—rapidly expandable in emergencies—to undertake his vital task. I applaud this development.

Even before it accepted the new role of coordinating disaster relief, the

UN last year showed its ability to mount a very impressive large-scale relief effort to assist the refugees and to avert famine during the crisis in South Asia. The job was effectively done—although interrupted by the India-Pakistan war—and our Government supported it with large financial contributions.

* * *

These, then, are beginnings the international community has made in addressing the new tasks for diplomacy. Our country is in the forefront of these efforts, and we will continue to be. But these are world challenges, and nothing less than a global response can suffice. Thus far, the response is heartening.

THE POLICY-MAKING PROCESS THE NSC SYSTEM

PART VII

THE POLICY-MAKING PROCESS: THE NSC SYSTEM

THE POLICY-MAKING PROCESS: The NSC System

"If our policy is to embody a coherent vision of the world and a rational conception of America's interests, our specific actions must be the products of rational and deliberate choice."

U.S. Foreign Policy for the 1970's
A Report to the Congress
February 18, 1970

My Reports in 1970 and 1971 described in detail the structure of the National Security Council system and how it works. Its function is so central to the conception and development of our national security policy, however, that it is well to look again briefly at the purposes and role of the system.

The Task We Faced

At the time of my inauguration, it was clear that we were on the threshold of momentous decisions in our foreign policy. The postwar era in international relations was fast disappearing, and with it many of the fundamental assumptions underpinning our policy for the past generation. In order to redefine the nature of American participation in world affairs, we needed to ask the kinds of basic questions that Americans have not had to face for many years. Moreover, we would be examining these questions during a period of growing debate over national priorities and competing claims for the resources available to support our global posture.

It was imperative that I have at my disposal an effective mechanism for policy review and decision making. Before my election, I stated my firm conviction that the foreign policy successes of the Eisenhower period were in part attributable to the careful planning and regular review of policy issues carried out by the National Security Council. I pledged to restore the NSC to its preeminent position in national security planning. The basic issues we faced demanded a system which ensured the most careful analysis of all relevant facts and views.

—It was essential that my senior advisers and I have the full benefit of a full and fair presentation of the views of all agencies within the foreign affairs community.

- I wanted procedures which enabled us to concentrate first on basic purposes over the long term and, only then, on the operational questions of how to proceed.
- We sought to stimulate creativity in our foreign policy by requiring that alternative courses of action be identified and assessed at every stage of the process of policy review.
- We needed a systematic planning effort to lay the groundwork for the actions that could be required in a future crisis.
- Our system had to overcome distortion in the policy review process by ensuring that our analyses proceeded from a common appreciation of the facts.

The Approach We Took

One of my first acts as President was to reaffirm the role of the National Security Council as the principal forum for Presidential review, coordination, and control of U.S. Government activity in the field of national security and foreign affairs. To support the Council we established a system of committees, each with specific responsibilities and each including representatives of all Government agencies concerned with the problem at hand. All parts of the NSC system have as their common purpose to provide me with a clear statement of the issues, realistic options for dealing with them, and the implications of each option for our long term objectives. A second purpose of the system is to ensure that after a decision is made, it is communicated to the agencies involved with precision and implemented effectively by them.

The apex of the system is the **National Security Council** itself. Its statutory members are the President, the Vice President, the Secretary of State, the Secretary of Defense, and the Director of the Office of Emergency Preparedness. The Secretary of the Treasury, the Attorney General, the Director of Central Intelligence, and the Chairman of the Joint Chiefs of Staff regularly attend Council meetings, as well as others at my invitation. So far, during my Administration, the Council has met 73 times. The Council does not, of course, make decisions. Its discussions put the issues and choices in sharp focus and give me the counsel of my senior advisers as the final step in a process of comprehensive review before I make a decision.

Supporting and assisting the National Security Council are six senior bodies, each at the Under Secretary level. Though they have slightly different membership, the primary differences among them lie in their authority and function, and in the experts on whom they rely. Each has representation from the interested agencies. These groups ensure that

each agency's views are fully and fairly presented, that dissent is not stifled, and that differences are not compromised away before being presented to me. They ensure that I get the views of each agency, refined by the analysis and criticism of the other concerned agencies. No President could carry out his responsibilities if offered only a single recommendation devised to achieve a bureaucratic consensus.

Three of these groups have the purpose of preparing policy issues for my consideration, either at a National Security Council meeting, or by memorandum if the issue is susceptible to full presentation in that manner. No issue is handled by memorandum if any Cabinet officer desires its consideration at a Council meeting.

- The **Senior Review Group** is the workhorse of the system, and handles the great majority of the policy issues brought to me for decision. Interdepartmental Groups, chaired by Assistant Secretaries of State, prepare the initial studies, which are then reviewed by the SRG to ensure that the issues, options, and agency views are fully presented. During my Administration the Senior Review Group has met 130 times.
- The **Defense Program Review Committee** analyzes the choices inherent in defense budget decisions, relating alternative levels of defense expenditure to other national priorities, both domestic and foreign.
- The **Verification Panel** is charged with the painstaking technical analysis of arms control issues, including the verification requirements which must accompany arms limitations and the capabilities of weapons systems whose limitation is being considered. The Verification Panel also advises me on negotiating options in SALT, and on considerations involved in proposals for MBFR.

The National Security Council Intelligence Committee has been added to this level of the system during the past year. It advises me on the quality, scope, and timeliness of the intelligence input to Presidential decisions, and on the steps to improve it.

Two additional groups are charged with the implementation of decisions. In a Government as large as ours, this requires careful, deliberate, and coordinated effort. These groups do not develop or recommend policy courses except where there may be a need for clarification of specific aspects of a broad decision already reached.

- The **Under Secretaries Committee**, chaired by the Under Secretary of State, is the basic instrument for ensuring effective and uniform execution of foreign policy decisions throughout the Government. It has submitted over 75 memoranda setting forth detailed

options, programs, and recommendations to implement policy decisions.

—The Washington Special Actions Group is charged with meeting the special need for coordination in crisis situations. Not a decision making body, the WSAG serves as a management team assuring flexible and timely actions by the responsible departments in the context of Presidential decisions and the developing situation. It also is responsible for anticipating future crises, for reviewing contingency plans prepared by the Interdepartmental Groups, and for developing options for NSC consideration. In times of crisis, it is supported by a special inter-agency task force established in the Department of State. There have been 94 meetings of the WSAG during my Administration, usually during crises, and typically following meetings of the National Security Council from which basic decisions emerged. I have personally met with the WSAG on a number of occasions.

In every policy review or crisis situation, the range of the NSC system is brought to bear. This ensures extensive and continuing review of policy and operational choices on all major issues. For example:

- In connection with SALT, the Verification Panel has met 22 times and the NSC 8 times.
- On European issues, including Berlin, MBFR, and the proposed Conference on European Security and Cooperation, the SRG has met 20 times, the Verification Panel 5 times and the NSC 8 times.
- During the Jordan crisis in 1970, the WSAG met 12 times, the SRG 5 times, and the NSC 4 times.
- Between March and December 1971 the NSC met 3 times, the SRG met 4 times, and the WSAG met 18 times on the situation in South Asia.

The National Security Council system draws on the entire machinery of the executive branch of the Government. The extensive network of interdepartmental study groups exists for a single purpose: to ensure that the entire wealth of imagination, expert knowledge, and experience available in the Government is brought to bear on the issues on which I must make a decision.

I rely heavily on the advice and judgment of the Secretary of State, my senior foreign policy adviser, but clearly there must be a means by which I can secure the views of all agencies concerned with national security affairs and foreign policy. There can be no question of the right and obligation of each agency to present its views. The NSC system exists to

assure and protect that right. There is no more cogent demonstration of this than the fact that for the first time, through the Defense Program Review Committee, the broad foreign policy judgment of the Department of State is actively sought in the planning of the defense budget.

The emphasis at all levels in the policy formulation process is, as it must be, on candor. Precisely for this reason the right and ability of all senior advisers and their assistants to give their views and recommendations and to comment on those of others candidly throughout the deliberative process must be assured. Only in this way can the President and the National Security Council have the benefit of the widest range of thought and the clearest expression of opinion.

This Administration will be judged by the substance of its policies, not by the instruments chosen to devise them. But at no time in our history was the need for rigorous and systematic review of our policies more urgent. I was determined that our system of decision making be responsive to my need for a statement of clear-cut alternatives and their costs and consequences, from which I could select the course to be pursued. The NSC system has provided me with that range of choice. The candor with which my advisers have expressed their views on all of the significant issues we have faced has been a hallmark of the system and essential to its success. The accomplishments of this Administration stand as a measure of the success of that system as an effective vehicle for the creative and orderly formulation and execution of our foreign policy.

the first time in the history of the world, the people of the United States have been called upon to make a final decision as to whether they will or will not submit to the rule of another nation.

The question is, "Will we submit to the rule of another nation?" This is the question that has been raised by the people of the United States.

The answer to this question is, "No, we will not submit to the rule of another nation." This is the answer that has been given by the people of the United States.

The reason for this answer is, "Because we do not want to be ruled by another nation." This is the reason why the people of the United States have decided to stand up for their rights.

The people of the United States have decided to stand up for their rights because they know that they are being treated unfairly by another nation.

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PART VIII

CONCLUSION

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I have stated many times that we seek a generation of peace. That is the goal of this Administration, and it is against that standard that the initiatives of 1971 should be judged.

In the last analysis, only the future will tell whether or not the developments of the past year have truly brought us closer to that goal. All we can say with certainty now is that a generation of peace is a more credible goal at the end of 1971 than it appeared to be at its beginning. It may still appear to be distant. It does not, however, still appear fanciful and utopian.

That fact in itself is important. Both this country and the world need a brighter vision than managing crises and aiming only at staving off the ultimate conflagration. The influence which history and our own efforts have given this Nation can—and must—be used for something more than an organization of world affairs which aims merely at keeping international animosities in some sort of tenuous, fragile and constantly endangered balance. The containment of enmity is better than its release. But it is not enough as a permanent goal.

For too long, American policy consisted of reacting to events. We had a sense of mission, but rarely a clear definition of our purpose. We were drawn into situations, responding tactically, without a clear perception of where we would end up. When we were not forced by events, we seldom struck out along new paths because we had no positive conception of where we wanted to go.

Our times demand more. A durable peace is a set of conditions and requires a conscious effort to create those conditions. Peace will not come about by itself, with us passively looking on or striking moralistic poses. Nor will it come about automatically with the ending of a war. How many wars in this century have ended without bringing a lasting peace because statesmen failed to shape a durable peace out of the conditions which emerged from the conflict? This is why it makes a difference *how* we liquidate the vestiges of an earlier era as we move into the new. The future of peace—in Asia, in the Middle East, in Europe—depends in large measure upon the steadfastness and purposefulness of American policy all around the world.

Today the United States is once again acting with assurance and purpose on the world stage.

Vietnam no longer distracts our attention from the fundamental issues of global diplomacy or diverts our energies from priorities at home.

Our dramatic departures of the past year—the fruits of our planning and policies over three years—reflect the historical conditions we see today and the historic possibilities we see for tomorrow. They were momentous steps, accelerating the very process of change which they addressed. The world—and we ourselves—are still in the process of adjusting to the developments we have set in train. But we know where we are going. We are moving with history, and moving history ourselves.

There will always be conflict in the world, and turbulent change and international rivalries. But we can seek a new structure of global relationships in which all nations, friend and adversary, participate and have a stake. We can seek to build this into a world in which all nations, great and small, can live without fear that their security and survival are in danger, and without fear that every conflict contains for them the potential for Armageddon. In such a structure of peace, habits of moderation and compromise can be nurtured, and peoples and nations will find their fullest opportunities for social progress, justice, and freedom.

This is what we mean by a generation of peace.

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